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Government
Publications



Conference of the Provincial
Ministers of Mines of Canada
Seventh Annual Conference,
Victoria, B.C. 1950
Proceedings

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Government
Publications

PROCEEDINGS
OF THE
SEVENTH ANNUAL CONFERENCE
OF THE
PROVINCIAL MINISTERS OF MINES OF CANADA

EMPRESS HOTEL
VICTORIA
BRITISH COLUMBIA.
1950

Honourable R. C. MacDonald
Chairman

John F. Walker
Secretary



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- 1st Conference April 14th to 16th, 1945, Quebec, Que.
2nd Conference Nov. 22nd and 23rd, 1945, Toronto, Ont.
3rd Conference Sept. 23rd to 27th, 1946, Winnipeg, Man.
4th Conference Sept. 3rd to 5th, 1947, Keltic Lodge, N.S.
5th Conference Sept. 2nd to 4th, 1948, Jasper, Alta.
6th Conference Sept. 7th to 10th, 1949, Fredericton, N.B.
7th Conference Sept. 13th to 16th, 1950, Victoria, B. C.



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AGENDA

Wednesday, September 13th, 1950.

Afternoon: Registration in the Elizabethan Room.

6:00 p.m. Reception for all Delegates in the Lower Lounge by Western Canada Bituminous Coal Operators' Association and the Domestic Coal Operators' Association of Western Canada.

6:30 p.m. Dinner - Grill Room.

8:00 p.m. Committee Meetings.

(1) Coal - Princess Louise Room.

(2) Form book of geological symbols to be issued by the Geological Survey of Canada - Duke of Kent Room.

(3) Geological Survey Committee on mapping - No. 2 Committee Room, Parliament Buildings.

Thursday, September 14th, 1950.

9:30 a.m. Plenary Session - Princess Louise Room.

(1) Review of work of the Conferences - Chairman.

(2) Petroleum and Natural Gas by G. W. Auxier.

(3) Definitions of "Mine", "Mineral" and "Mineral Rights".

(4) Other business.

12:30 p.m. Luncheon - Grill Room.

Thursday, September 14th, 1950.

2:00 p.m. Committees.

- (1) Coal - Princess Louise Room.
- (2) Transportation - Princess Charlotte Room.
- (3) Other Committees - Prince Albert Room.

2:30 p.m. Drive for the ladies and afternoon tea -
Olde England Inn.

6:00 p.m.
for 7 Chairman's Reception and Dinner (informal) -
Ballroom.

Friday, September 15th, 1950.

9:30 a.m. Committees.

- (1) Taxation and the gold situation -
Princess Charlotte Room.
- (2) Petroleum and natural gas -
Princess Louise Room.
- (3) Other Committees - Prince Albert Room.

12:30 p.m. Luncheon - Grill Room.

2:00 p.m. Sight-seeing -- golf.

6:00 p.m. Reception for all Delegates in the Lower Lounge
by the Mining Association of British Columbia.

8:00 p.m.

- (1) Ministers' Meeting - Prince Albert Room.
- (2) Committee Meeting to exchange information
on groundwater problems - No. 2 Committee
Room, Parliament Buildings.
- (3) Committee Meetings to clean up any
unfinished business and exchange
information - Members' Room, Parliament
Buildings.

Friday, September 15th, 1950.

8:15 p.m. Library of the Parliament Buildings -
especially for the ladies. "Glimpses
of British Columbia Wild Life"
(illustrated in colour) by Dr. Clifford Carl,
Director of Provincial Museum.

Saturday, September 16th, 1950.

9:30 a.m. Plenary Session - Princess Louise Room.

LIST OF DELEGATESNEWFOUNDLAND

Honourable E. Russell, Minister of Natural Resources.
C. K. Howse, Government Geologist, Department of
Natural Resources.

NOVA SCOTIA

Honourable A. H. McKinnon, Minister of Mines.
A. E. Cameron, President, Nova Scotia Technical College.
T. J. Casey, Chief Inspector of Mines.
Frank Doxey, Assistant to General Manager, Dominion
Coal Company.
R. D. Howland, Vice-President, Nova Scotia Research
Foundation.
J. P. Messervey, Deputy Minister of Mines.
S. C. Mifflen, Technical Assistant to General Manager,
Dominion Coal Company.

NEW BRUNSWICK

Honourable R. J. Gill, Minister of Lands and Mines.
C. S. Clements, Chief Inspector, Mines Branch,
Department of Lands and Mines.

QUEBEC

A. O. Dufresne, Deputy Minister of Mines.
I. W. Jones, Chief, Geological Survey Branch,
Department of Mines.
Eugene Larochelle, Secretary, Western Quebec Mining
Association.
N. F. Murray, Chairman, Joint Provincial Mining Association.
A. L. Penhale, President and General Manager, Asbestos
Corp. of Canada.

ONTARIO

Honourable W. S. Gemmell, Minister of Mines.
A. E. K. Bunnell, Consultant on Community Planning,
Department of Planning and Development.
A. R. Crozier, Mine Assessor, Department of Mines.
H. J. Fraser, Vice-President, Ontario Mining Association.
M. E. Hurst, Provincial Geologist, Department of Mines.
N. F. Parkinson, Executive Director, Ontario Mining
Association.
H. C. Rickaby, Deputy Minister of Mines.
W. S. Row, President, Ontario Mining Association.

MANITOBA

Honourable J. S. McDiarmid, Minister of Mines and
Natural Resources.
W. G. Cowie, Assistant Development Commissioner,
Canadian Pacific Railway.
G. C. Lipsey, President, Mid-West Metal Mining Association
J. S. Richards, Director of Mines, Department of Mines
and Natural Resources.
F. V. Seibert, Industrial Commissioner, Canadian National
Railways.
F. D. Shepherd, Executive Secretary, Mid-West Metal Mining
Association.
D. M. Stephens, Deputy Minister of Mines and Natural
Resources.

SASKATCHEWAN

Honourable J. H. Brockelbank, Minister of Natural Resources
and Industrial Development.
J. T. Cawley, Director of Mineral Resources, Department
of Natural Resources and Industrial
Development.
C. A. L. Hogg, Deputy Minister of Natural Resources and
Industrial Development.

ALBERTA

Honourable N. E. Tanner, Minister of Mines and Minerals.
 G. W. Auxier, K.C., Executive Vice-President,
 Western Canada Petroleum Association.
 R. A. Brown, President, Brown, Moyer and Brown Limited.
 R. C. Brown, Western Canada Petroleum Association.
 J. A. Brusset, Manager, West Canadian Collieries Ltd.
 V. A. Cooney, Executive Secretary, Dominion Coal
 Operators Association of Western Canada
 J. Crawford, Director of Mines, Department of Mines and
 Minerals.
 C. U. Daniels, President, Royalite Oil Company Limited.
 J. M. Davidson, General Manager, Lethbridge Collieries Ltd.
 W. J. Dick, Secretary Inter-Provincial Committee on
 Petroleum and Natural Gas.
 L. E. Drummond, Manager, Alberta Northwest Chamber of Mines.
 G. E. Dunlap, Manager, Sun Oil Company.
 G. H. Furnival, Chief Geologist, California Standard.
 J. W. Hamilton, Secretary-Treasurer, Home Oil Co. Ltd.
 J. K. Hert, Philips Petroleum.
 C. P. Hotchkiss
 F. H. Lahee, Consulting Geologist, Sun Oil Company.
 J. J. McIntyre, Managing Director, International Coal and
 Coke Company Limited.
 W. D. C. MacKenzie, Imperial Oil Ltd.
 I. N. McKinnon, Deputy Minister of Mines and Minerals.
 J. O. Mayberry, District and General Manager, Atlantic
 Oil Company Limited.
 P. R. Reed, President, Domestic Coal Operators' Association
 of Western Canada.
 E. G. Robinson, Vice-President, Shell Oil Co.
 C. F. Schock, Division Manager, Standard Oil and Gas Co.
 W. E. Simpson, Barrister, Simpson and Silverman.
 H. H. Somerville
 J. G. Spratt, Vice-President and Managing Director,
 Anglo-Canadian Oils.
 E. Trafford
 W. C. Whittaker, Secretary-Commissioner, Western Canada
 Bituminous Coal Operators' Association.
 Wm. Wilson, Manager, Canmore Coal Co.
 E. F. Zwick, President and General Manager, Husky Oil and
 Refining Co. Ltd.

BRITISH COLUMBIA

Honourable R. C. MacDonald, Minister of Mines.
 R. B. Bonar, Senior Inspector of Mines.
 H. Wilton-Clark, General Superintendent, Crow's Nest Pass
 Coal Co., Ltd.
 T. G. Ewart, Western Canada Bituminous Coal Operators'
 Association.
 C. H. B. Frere, General Solicitor, The Consolidated
 Mining and Smelting Company of Canada
 Limited.
 F. W. Gray, Consultant, Victoria.
 T. A. Horne, Sales Manager, Vancouver Island Coals Ltd.
 H. C. Hughes, Chief Inspector of Mines.
 H. T. James, Managing Director, Pioneer Gold Mines of
 B. C. Limited.
 W. G. Jewitt, Manager of Mines, Consolidated Mining and
 Smelting Company of Canada Ltd.
 A. E. Jukes, President, Sheep Creek Gold Mines, Limited.
 C. H. Mitchell, Secretary, British Columbia Mining
 Association.
 P. J. Mulcahy, Chief Gold Commissioner, Department of Mines.
 Dale L. Pitt, President, Mining Association of British
 Columbia.
 H. R. Plommer, Managing Director, Canadian Collieries
 (Dunsmuir), Limited.
 H. Sargent, Chief of the Mineralogical Branch, Department
 of Mines.
 R. K. Smart, Canadian Collieries (Dunsmuir), Limited.
 J. S. Stevenson, Geologist, Department of Mines.
 C. O. Swanson, Chief Geologist, Consolidated Mining and
 Smelting Company of Canada Ltd.
 J. F. Walker, Deputy Minister of Mines.
 G. A. Wallinger, Comptroller, Consolidated Mining and
 Smelting Company of Canada Ltd.
 T. B. Williams, Controller of Coal, Petroleum and Natural
 Gas, Department of Lands and Forests.

DOMINION

Ralph Maybank, Parliamentary Assistant, Minister of Mines
 and Technical Surveys
 Marc Boyer, Deputy Minister of Mines and Technical Surveys
 G. S. Hume, Director, Mines Forests and Scientific Services
 Branch, Department of Mines and
 Technical Surveys.
 W. E. Uren, Chairman, Dominion Coal Board.

FORWARD

All of the Provincial Mines Ministers attended the Conference with the exception of the Honourable Mr. C. D. French from Quebec. The Conference learned with regret that the Honourable Mr. French was suffering from an accident and unable to attend.

The methods of conducting the Annual Conferences have varied in an effort to develop the best means of reaching the desired objectives. At first working committees of the Ministers' Sub-committees discussed various matters and presented resolutions to the Ministers for their consideration. These resolutions were generally submitted towards the end of the Conference and the Ministers did not have much time in which to consider them or obtain explanations.

The procedure was then changed so that the Ministers could sit in and listen to the discussion of the working committees. Plenary sessions were also held, with all the Ministers present, where formal papers were presented on which it was hoped there would be discussion.

The trend developed towards plenary sessions with formal papers but it was found that many of the members of the Ministers' Sub-committees, especially those from industry, were unwilling to discuss freely and frankly matters of government policy in an open session where a record of the proceedings was being made.

In planning the Seventh Conference a questionnaire was submitted to the Ministers regarding matters that had been discussed at previous conferences or that had been proposed for discussion. The purpose was to determine what had been accomplished and what might be discussed profitably at the conference. It was found that much progress had been made in aerial photography, topographic mapping, geological mapping, increase in geological staffs, operating regulations and taxation.

In other matters such as a national coal policy and security regulations, the situation remained unchanged after years of discussion and the passing of resolutions.

The questionnaire also showed widely varying regulations in the different provinces governing the acquisition of mineral rights, work requirements and royalties. These matters had not been discussed at previous conferences but had been suggested for discussion.

Considering all the experience gained in previous conferences it seemed that the ideal agenda would be one dealing with a few important matters on which satisfactory progress had not been made and including at least one new problem for discussion. By thus limiting the number of items for discussion it seemed they could be handled by working committees with one or more of the Ministers present. The presentation of formal technical papers at plenary sessions did not appear to be a function of the Mines Ministers Conference but rather one for the Canadian Institute of Mining and Metallurgy. It seemed that the plenary sessions should be reserved for discussion of matters being dealt with by the working committees or for preliminary discussion of new problems presented to the Conference.

With the foregoing in view, matters that appeared to be of first importance were given priority on the agenda. Those things on which satisfactory progress had been made and which had been discussed at previous conferences were omitted.

The Deputy Minister of Mines and Technical Surveys took advantage of the opportunity offered by the Conference to hold a meeting of Federal and Provincial Government officials to consider matters of mapping and aerial photography. The Deputy Minister sent copies of the minutes of the meeting to each Province and expressed the wish that facilities be again provided at the next Conference for informal discussion of any matters of general concern to Federal and Provincial officials.

The Ontario Mining Association presented "Review of Gold Mining in Ontario 1949-50" and "Review of Base Metal Industry in Ontario 1949 - 1950" and copies of these Reviews were available at the Conference.

On October 30th and 31st the Honourable Messrs. McKinnon, French, Gemmell, Tanner and MacDonald met the Honourable Mr. McCann, Minister of Mines and Technical Surveys, to discuss the gold subsidy, coal subsidies, coal, petroleum and natural gas, and testing and approval authority for flame-proof equipment in coal mines.

Subsequently there was correspondence with the Right Honourable C. D. Howe and the Honourable George Prudham regarding coal subventions. These matters have been referred to the Ministers and are mentioned in the proceedings under the appropriate committees.

The invitation from Saskatchewan to hold the Eighth Conference in Regina was accepted by the Ministers.

REPORT OF STANDING
COMMITTEE ON COAL.

COMMITTEE'S ACTIVITIES

Your Committee has convened on two occasions since the last Conference at Fredericton, N.B. Our first meeting was held in Ottawa on February 23 at the conclusion of the research conference which was held under the auspices of the Dominion Coal Board during February 21-22. At that time we met with Mr. Wilbur Uren, Chairman of the Board, and his assistant, Mr. C. L. O'Brian. Discussion was centred in particular on potential central Canadian markets for western and eastern coal with particular reference to the western coals, and railway use and purchase of coal. Certain detailed information was requested by the Committee and a formal request for this information was subsequently forwarded to the Chairman of the Dominion Coal Board. A copy of this letter is attached as Exhibit 1.

Your Committee met again in Ottawa on August 15th and 16th to review the coal situation and to study the information requested from the Dominion Coal Board. Unfortunately, due to pressure of other activities the latter information was not available. However, we were able to secure two interviews with Mr. Uren and Mr. O'Brian. This greatly assisted our analysis of the situation and we were glad to have the views of the Coal Board in respect to policy requirements.

Unfortunately, Mr. H. Wilton-Clark, the Provincial delegate for British Columbia, was unable to be in attendance at the August meetings of the Committee. For this reason and because of the seriousness of the situation in which the western coal industry finds itself, the Committee proposes to meet in Victoria on September 12th to review this draft report in the light of any subsequent developments which may occur in the interim period.

NEED FOR ACTIVE INTEREST

Your Committee feels that the coal industry as a whole in Canada has had a reasonably prosperous year. At the same time it has been a crucial year in highlighting certain aspects of Canadian coal problems both in respect to supply and consumption which suggest that the situation requires a very careful review. The winter of 1949-50 indicated how precarious is the supply of coal to certain central Canadian markets and recent events emphasize the difficulties which are facing the western coal operators in maintaining their industry. The highlights of the year have been:

1. The central Canadian market came dangerously near to an acute coal shortage due to the shortage of supply of United States coals relating to the industrial dispute in that country.

2. Rail services on the Canadian National Railways were cut by some 25 per cent arising out of the Company's purchasing policy in respect to Canadian coals and to the shortage of United States coals which developed later in the year.

3. Recent developments in the oil and gas industries in the West have intensified the encroachment of these fuels on the markets formerly assumed to be available for western coals.

4. The decision of the railways to implement a considerable increase in the freight charges on western coals moving to Ontario in the near future has jeopardized the development of a market which appeared to have growing significance to the Western industry and in a Canadian coal policy.

5. Increasing international tension is accenting the need for an assurance that an increased demand for coal will find adequate available supplies, a situation which will require vital contributions both from eastern and western Canada.

These problems emphasize the need for the Ministers to direct their attention to matters of coal policy and the Committee have attempted in later pages to indicate specific measures which the Ministers might consider in their approach to the matter. It is our opinion that the active attention of the Ministers is essential not only to foster the interest of their respective provinces but also to focus attention on and give direction to the implementation of a sound Canadian policy.

COAL POLICY

The term "national coal policy" has been subjected to wide interpretation and is in danger of being reduced to a mere platitude. The problem is admittedly a complex one, with many segments which do not readily fall into place within the complexity of Canada's energy supply and demand situation. However, Canada's coal policy has been the subject of many serious investigations and the same can be said with few reservations covering Canada's fuel and energy problems. The general proportions of the problem are therefore reasonably well known and there is no great apparent disagreement in respect to the principles on which a sound coal policy might be founded.

During discussions with the Chairman of the Dominion Coal Board, he drew to the Committee's attention the major objectives which the Board has outlined as the basis of its own operations. These are as follows:

1. The maintenance of an adequate supply of coal for our national requirements.
2. The building of a sound and healthy coal producing industry.
3. The finding of steady and adequate markets for Canadian coal.
4. The providing of a reasonably full employment at fair wages for Canadian mine workers.
5. The possible development of new equipment and methods, capable of resulting in lower production and transportation costs.
6. The possible extension and development of Canadian coal production, on the basis of a prosperous and stable industry, and of a remunerative field of employment for Canadian mine workers, if soundly and properly integrated, within the whole of our national economy.
7. The necessity of conserving our United States dollars.

Your Committee suggests that these objectives form the basis of a sound coal policy and would suggest that if item 7 appears to have relatively less significance at this moment due to the improved trade position between the United States and Canada, the Korean situation and related international tensions more than emphasize the broader security aspects previously implied in the item.

The essential question which must be asked, however, is one involving measurement. Such qualitative words as "adequate" supply, "sound and healthy" industry, etc., appearing in the statement of objectives will be given real content only as such questions are answered as;- how important is it to ensure a minimum supply of Canadian coals for the central markets; how vital is a minimum source of Canadian coal to our national defence, etc.; and how large is a minimum supply? In the last resort this will question how much Canadians are prepared to pay in support of these

decisions. It is generally recognized that Canada has vast resources of coal and that over a period she could become self-contained in respect to coal requirements. It is equally recognized that, under present conditions at least, it would be economic suicide for Canada to adopt such a policy. It would seem practical, however, to relate policy to the maintenance of a minimum productive capacity, possibly relating this to Canada's annual consumption of coal. Too great emphasis cannot be placed on the impossibility of achieving quick adjustments in an industry such as coal mining. The translation of new demands or even blueprint plans into a production achievement requires a period of years. This is true in respect to engineering achievements and to the provision and maintenance of skilled miners. For this reason, some feel that the manpower problem is the criterion of the extent to which the industry should be fostered in Canada. Any loss of skilled miners or failure to keep this labour force extant is considered a departure from a sound national policy.

It is a matter of utmost importance in the minds of your Committee that the Ontario Government through the Hon. W. S. Gemmell and his representative on this Committee, Mr. Arthur Crozier, has demonstrated a most active and practical interest in the matter of developing a sound Canadian coal policy and in particular, in securing experimental shipments of western coal for use by certain Government institutions. Some reference to this experience is made later. At this time your Committee wishes to point out that there is a growing appreciation in the Central Canadian provinces that the coal problem is not a far distant one, pin-pointed in the West and East. It is apparent that, while there is a sound realization that these central provinces must rely to a considerable extent on United States supplies of anthracite and bituminous coals, it is equally recognized that they have a profound interest in the Canadian coal industry. These provinces are directly interested in an assurance of coal supplies for essential services and industries in the event of shortages of United States supplies, in securing supplies of Canadian coals at least adequate to augment the competitive situation and thus ensure a continuous supply of quality coals at minimum prices from the United States. Their indirect interest is recognized in a growing appreciation that a prosperous and healthy coal industry in the east and west is a guarantee of effective demand for consumer goods from the factories of the centre. It is this increasing awareness of the mutual interest of the coal consuming and producing provinces which encourages your Committee to believe that the problem of measurement of the extent to which financial obligations should be undertaken in the prosecution of a national coal policy will not prove as difficult as in the past.

ANALYTICAL REVIEW
1949 - 50

Maritimes

As a generalization, it may be said that the Maritime coal industry is operating under reasonably satisfactory conditions. The assistance given the industry in respect to subventions and the provision of loan capital has materially affected the industry and done much to provide an economic atmosphere in which it can develop under its own initiative. Characteristically, the industry is engaged in an extensive modernization program relating specifically to increased mechanization and improved beneficiation. The most crucial problem in the period under review was the curtailment of Canadian National Railways purchases in 1949 which preceded the curtailment of its services later that year.

Western Canada

On the other hand the security of the Western industry has become increasingly threatened. Competition from fuel oil and natural gas has made noticeable inroads on the industry's markets and it appears a reasonable assumption that its Western markets will contract very considerably as additional supplies of these other fuels intensify the already highly competitive market. This relates to domestic and industrial markets in the West and to a considerable extent to railway purchases. There is some evidence that the first thoughts of the railways in regard to curtailment of their coal requirements in the West may have been extreme and that in fact their requirements within the next few years will be substantial. The industry, however, views the situation with alarm and in particular sees in the conversion to oil burning locomotives and the decision of the railways to limit future purchases to Diesel electric locomotives a very definite end to a large section of their traditional market within a very short period of time. At this time when the hopes of the industry were turned toward a possible outlet in Ontario markets, (and when, it should be noted, a greatly improved relationship was being developed between the industry and the distributive trade in Ontario), came the announcement of freight rate increases on such movements of coal. Subsequently these increases were delayed and the full increase staggered over a period of nearly two years. This may soften the blow but does not alter its serious implications to the long-term prospects of the Western industry developing any substantial markets in the central Canadian provinces.

It is our understanding that the pressure of events is already affecting the industry and that several of the high cost and of the least efficient mines have been closed down. Your Committee is impressed with the attitude of the industry in recognizing that certain adjustments of this nature are essential in the maintenance of a healthy industry. It will be readily recognized, however, that there is a point at which this elimination process becomes inconsistent with the long-term national interest in a healthy industry and it is apparent that a review of the situation is urgent to ensure the maintenance of a minimum productive capacity with particular regard to the continued availability of skilled miners upon which an efficient industry must rest. In the light of changes in the local Western market and the added difficulties of the industry reaching Ontario markets, there is a real danger that the process may go beyond its normal function and may undermine essential policy in respect to ensuring minimum supplies of Canadian coal. Such a policy in other words, does not sell coal in Toronto. There is little evidence to suggest that any great reductions in mining costs can be achieved in respect to the low moisture coals which might hope to reach such markets. Again there are several limitations as to effective cost-savings which can be anticipated as accruing from increased volume of production by individual mines in their attempt to supply the deficiencies in total tonnage arising out of the elimination of former competitors. In these circumstances it does not appear that existing provisions for the Western industry will prove adequate. Briefly, your Committee does not feel it is practical to foresee any substantial movement of Western coal to Ontario under present subvention assistance if the announced freight rate increase is implemented. In point of fact, experience has shown that the Ontario market is strongly reactive to such a movement. The recent experience of the Ontario Government in encouraging the use of Alberta coals in certain of its institutions, has indicated that even the small tonnage involved was sufficient to affect prices; and there would seem to be every reason to believe that any substantial movement would lead to price cutting by the distributors of United States coals and a marked decrease in realization by the Western operators.

Central Provinces

Prior reference has been made to the acute coal supply situation which threatened the central provinces in the early part of 1950. Arising out of this repetition of earlier experiences considerable pressure on the Provincial Government and the Dominion Coal Board were developed by a large number of municipal authorities to develop Canadian sources of supply. A copy of the resolution passed by the City Council of Saint Catherines which was the basis of essentially similar resolutions for such centres as London, Saint Thomas, Windsor, Fort William, Port Arthur, Niagara, etc., appears as Exhibit 2.

Considerable attention has been given recently to the possibility of moving more Western coal into Ontario markets by the Western operators, the Provincial Government and the Dominion Coal Board. Your Committee felt that emphasis should be given to an empirical approach to the problem and that experiments should be made in using specific coals in specified areas and industries. For that reason certain statistical data was requested from the Dominion Coal Board. Unfortunately this has not been available to date but it is of great satisfaction to know that the Coal Board is sponsoring a survey of existing combustion equipment in certain areas in Ontario and that this survey will be extended to cover all of that Province and eventually the Province of Quebec.

Our preliminary view bases on the experience of Mr. Crozier in his efforts to extend the use of western coal in Ontario and our discussions with the Dominion Coal Board, is that there is a potential market for considerable tonnages of these coals in Ontario. The western and northern parts of the Province appear to offer a good industrial market for Saskatchewan lignite and Alberta-British Columbia bituminous while the high moisture subbituminous lump coals have already established an acceptance in the domestic market in these areas. Neither of these markets have been fully exploited. In the central part of the Province a number of good industrial outlets appear to be available for the high-grade western bituminous coals; although it appears to your Committee that an increasing use of western high-grade briquettes for domestic purposes may prove to be the most promising outlet for the western bituminous coals. The market in fact, would seem to offer hope for a very substantial movement. In respect to Nova Scotia coals there are at least two markets which might eventually develop: the demands of the new steam power plants being erected in the central parts of the province and of the Ontario Northland Railway.

It is interesting to note that when the Ontario Government announced its intention to encourage the use of Alberta coal in certain of its institutions, there was immediate indication of a strong competitive approach from the distribution trade in Ontario. In spite of wage increases in the United States industry, the devaluation of the Canadian dollar, and increased freight rates, the distributors of United States coals tendered to supply United States coals to these institutions at the earlier prices. Again, the experience of the past year has re-emphasized the problem of confining the movement of Western coals to suitable coals, of consistently good grade and in continuous supply. It would appear to your Committee that this problem of discipline will have to be handled by the producing provinces in cooperation with the industry.

To a considerable extent, however, the problem is related to a sense of insecurity shared by operators, distributors and consumers alike. Just as there is little reason to believe that western coals will progressively move into Ontario if transportation costs are increased, so there is little reason to believe that the necessary discipline can be established and a sound business-like approach taken by the operators and the distributors of western coals, unless or until, a long-term arrangement is made in respect to freight assistance. Nor are potential consumers readily going to make the necessary trade adjustments, and in many cases the necessary capital investment in suitable combustion equipment, unless assured of a long-term supply basis.

Statutory Subvention

This problem is of long standing and the industry both in the east and the west has forcefully advocated a statutory basis for subvention assistance for many years. This matter was discussed at the Conference in Fredericton, N. B. last year and your Committee felt it was worthwhile to examine the arguments used against such a basis. These were 1) that this would mean that one Government could commit another and 2) that policy would lose the flexibility it now has. Attached as Exhibit 3 is a study prepared for your Committee by a responsible legal firm in Halifax covering these matters. It is evident that no great weight can be given to the first argument because precedents for such actions are many and diverse and are accepted practice even within the provisions already made by the Federal Government in respect to the coal industry. Regarding the question of flexibility, the problem is more real, but not beyond solution. Should it be felt that the necessary degree of flexibility cannot be secured within the limits of statutory action, your Committee suggests that the situation might be met on a contractual basis.

We have in mind the possibility that where an operator or several operators working in conjunction with a responsible distributor or distributors or large-scale consumers have satisfied the Coal Board (and possibly the provincial authorities) that the movement of specific coals is in the national interest, a reasonably long-term contract could be drawn up in which the Federal Government undertook certain assistance under specified conditions.

Railway Use and Purchasing Policy

Your Committee feels that the Ministers should give special attention to the question of railway use and purchase of Canadian coals. The railways are probably the largest single users and purchasers of coal in Canada. There is no thought in our minds that the railways should be asked to use coal where other fuels or forms of locomotion are more efficient but it is not too clear that the railways have exerted full efforts to secure efficient operational use of coal in their operations or to develop more efficient equipment for this purpose. There is some reason to believe that coal burning locomotive equipment now under development may reestablish the position of coal as an efficient railway locomotive fuel and it would be regrettable to have a short-term policy work havoc with the facilities which will be required from a long-term point of view.

As the largest single consumers of coal, the railways by their purchasing policy have a very direct impact on the Canadian coal industry. They purchase substantial tonnages in the east and a very large proportion of the total output of the western bituminous mines. For this reason, their bargaining position is very strong. The railways also purchase substantial tonnages of United States coal and the decision to increase or decrease the proportion of Canadian and United States coals in their total purchases may materially affect the welfare of the Canadian industry and the implementation of Canadian coal policy. In other words statesmanship must be considered an essential feature of the railways' use and purchase of coal. There would seem to be merit in requiring the railways to purchase a minimum proportion of their total requirements from Canadian sources and to provide the necessary machinery arbitration if and when the railways and the mine operators are unable to negotiate satisfactory financial arrangements.

Research

Your Committee feels that the matter of research should also receive serious attention. Attached as Exhibit 4 is a copy of the resolutions passed by the provincial delegates to a research conference convened in Ottawa, February 21-22, under the auspices of the Dominion Coal Board. Copies of these resolutions were forwarded to individual Ministers at the conclusion of the conference. These conferences appear to have a growing value but it is felt that there is need for a greater emphasis on research in the industry. This is very clear from any comparison between research in the coal industry and in other fuels such as oil. The essential points would seem to be 1) a greater clarification of the essential research to be carried out, 2) a more clear cut division of function between the industry and various levels of Government sponsored coal research, and 3) a much greater allocation of funds for these purposes.

Your Committee would suggest the following resolution for consideration by the Conference.

RESOLUTION

WHEREAS it is generally accepted in Canada that the continued economic welfare and general security of the country is dependent on a sound coal policy and

WHEREAS the development and maintenance of a healthy Canadian coal industry is inherent in such a policy and

WHEREAS the objectives which should underlie such a policy are generally agreed upon as being

1. The maintenance of an adequate supply of coal for our national requirements.
2. The building of a sound and healthy coal producing industry.
3. The finding of steady and adequate markets for Canadian coal.
4. The providing of a reasonably full employment at fair wages for Canadian mine workers.

5. The possible development of new equipment and methods, capable of resulting in lower production and transportation costs.

6. The possible extension and development of Canadian coal production, on the basis of a prosperous and stable industry, and of a remunerative field of employment for Canadian mine workers, if soundly and properly integrated, within the whole of our national economy.

7. The necessity of conserving our United States dollars, and

WHEREAS recent events such as the acute threat of a coal shortage in the spring of 1949, the curtailment of railways services in late 1949 and early 1950, the growing impact of oil and natural gas on the western Canadian coal industry, impending increases on freight charges in western coal movements to Ontario, and increasing international tensions, have accentuated the need to review the measures which are required to apply the principles adopted as a policy.

BE IT RESOLVED that the Ministers of Mines of the several Provinces review thoroughly the matter of a coal policy at this conference and with the Federal authorities forthwith with a view to ensuring that adequate measures are arranged to implement the principles of a sound coal policy with particular reference to the need for 1) long-term transportation assistance of Canadian coals to central Canadian markets, 2) such assistance to be sufficient to establish the competitive position of these coals in certain sections or segments of those markets, 3) more statesmanship on the part of the railways in respect to their coal purchasing policies and 4) more concerted and aggressive research in respect to all phases of the industry.

On behalf of the Committee,

"Robert D. Howland"

(Robert D. Howland)

Chairman

Halifax, Nova Scotia
September 1, 1950.

Exhibit 1

NOVA SCOTIA RESEARCH FOUNDATION

P. O. Box 1027

March 10, 1950

Mr. Wilbur Uren
Chairman
Dominion Coal Board
West Block
Ottawa, Canada

Dear Mr. Uren:

Further to the Coal Research Conference which was held in Ottawa February 21-22, under the auspices of the Dominion Coal Board, I am enclosing a copy of the final draft of the observations and recommendations formulated by the Provincial delegates for the consideration of the Provincial Ministers of Mines at their forthcoming conference in Victoria, B. C., September next. I thought you might like to have advanced knowledge of the views of the delegates which are to be submitted to the Provincial Ministers. There does not seem to be any reason why you should not transmit these views of the delegates to the officials of other Federal Government departments where you feel these will be helpful as long as it is made clear that these views of the Provincial delegates have not yet received the official approval of the Provincial Ministers.

I may say that I have transmitted this document to the Ministers individually and it is possible that they may let me have their comments prior to the September conference. In that event I will convey any particular remarks to you.

With reference to our discussions on February 23rd relating to coal policy matters, I should like to thank you first for the courteous manner in which we were received and the frank and open manner in which the discussions took place. I feel that the meeting was valuable alone in clarifying for both of us the possibilities of co-operative work and I should like to reiterate my own impressions of the work of the Coal Committee of the Provincial Ministers of Mines Conference. I do not feel that we are called upon to press for coal policy, but to examine the facts relating to it. As you know there are certain clearly defined segments of the

problem which have been discussed from time to time at the Provincial Ministers Conference and undoubtedly other facets of the problem will become apparent in future discussions. Our essential contribution, it seems to me, is to secure the relevant data relating to these problems and submit them to the Ministers with any analyses and recommendations which the Committee feels appropriate. My impression of the Committee is that we shall also wish to confine our work this year, at least, to a limited number of problems and in our discussions on February 23rd with you, we indicated the two major subjects which we hope to study and report on: namely, railway use and purchase of Canadian coals and an analysis of certain aspects of the Ontario market for Canadian coals. As a further general observation I feel that the Coal Policy Committee will wish to work in very close association with the Dominion Coal Board. In the first instance, the Coal Board can be of very great assistance to us in the procurement of basic data and the analysis of the coal problems with which we are concerned. In the second instance, there would seem to be every reason for the Committee to cooperate with the Coal Board.

You will recall that it was agreed at the conclusion of our Conference that I should write you regarding our request for certain information relating to railway use of coal and the Ontario market. You will also recall that I intimated the difficulties of defining in detail at this juncture the information which we require. However, I gathered from the meeting that you fully appreciated this and that we may assume full willingness on the part of the Coal Board to assist in the matter of definition of relevant and useful information as well as in providing it where it is available.

In respect to the railways' use and purchase of coal we are, as you know, addressing our inquiries to this general problem of ensuring the utmost use of Canadian coals by the Railways. Perhaps this is probably an appropriate time to raise this matter. I do not know the story in detail of the consumption of western coals during the past year by the railways, but I have some knowledge of the situation in respect to Nova Scotia coals and it hardly adds up to a national coal policy. We appreciate the fact that it is a complex problem but in general terms we should like to have any basic data and analysis which you can give us regarding the record of railway purchases of coal for locomotive and stationary purposes indicating the broad categories of coal used as distinguished by sources and rank and any information you have regarding the purchasing policy and

procedures of the railways. If possible, we should like to have an analysis of the problem as you see it with particular reference to future requirements as indicated by use trends with particular reference to the increasing use of Diesel locomotives and conversion to oil-burning in respect to certain runs on western Canadian lines. If such a request implies in your mind the responsibility of the Coal Board bring associated with such a statement (a responsibility, incidentally, which I do not wish to imply in this request) perhaps some of these analyses could be given in the form of questions which may occur to anyone reviewing the situation. In some instances, perhaps you may prefer to give your personal views or to request Mr. O'Brian, who has gathered a wealth of experience over the years, to give us the benefit of his and detach these entirely from the Board.

In respect to the Ontario market, as you know Mr. Crozier is very actively interested in facilitating the movements of western and eastern coals to a number of specific markets in Ontario. You will recall his conversation regarding the possibilities of Nova Scotia coals being used by the steam power plants now being erected in Ontario and as you know he is quite interested in the possibilities of placing Nova Scotia coals with the Ontario Northland Railway. I think this is a matter of great interest to the Dominion Coal Board and while we are not asking for information from the Board at this time relating to these matters, it is our intention to keep you informed as our investigations proceed. Regarding the potential of the Ontario market for western coals we should like to have some assistance from you. As you know we do not wish to make a comprehensive analysis of the Ontario market, but wish to confine our inquiries to the most promising (from the point of view of possible use of western coals) areas or industries in the Province and then work with Mr. Crozier and with the Coal Board in developing and analyzing the problems associated with securing these markets for western coals. In our conversations it would appear that apart from government institutions which Mr. Crozier is studying, there are some potential outlets for western coals which should have our attention and we should like to have your views as to whether or not the best potential lies in western and northern Ontario and how far this potential lies in domestic and industrial coals. Perhaps you would be kind enough to indicate to us your analysis of the problem and let us have the relevant details concerning the best prospects for outlets in the area. It was apparent in the discussions that a number of industries, for example, in this area are large

consumers of bituminous coal. No doubt in some instances these consumers might be interested in the use of Canadian coals. For our purposes we should like to know the volume of coal involved and some particulars regarding the industries concerned including the names of officials of the companies with whom contact might be made for further details. I gathered that the Coal Board has a great deal of factual information regarding the Ontario market with particular reference to area and industries which are likely to be interested in using Canadian coals. If it is convenient I think it would be of interest to the Committee to have a copy of these basic studies and as we made clear, we should very much appreciate having at our disposal the valuable experience which you have gained during recent years in your efforts to move Canadian coals into these markets.

Perhaps this letter is still too vague for you to proceed very far on, but I gathered you secured a reasonably clear idea of what the Committee is interested in during our morning conference in Ottawa. However, if you feel there is further clarification necessary perhaps you would be kind enough to raise further questions with me. May I say that we appreciate that you are operating under some pressure and that we may be imposing somewhat on you in requesting this information. We feel, however, that the information is quite basic to the work of the Coal Policy Committee and any assistance you can give us will be highly appreciated.

With kind personal regards, I am,

Yours sincerely,

"Robert D. Howland"

Vice President

RDH/md
encl.

Exhibit 2

COPY OF RESOLUTION

"MOVED BY ALDERMAN BALD:

SECONDED BY ALDERMAN WALLIS: WHEREAS a dependable supply of coal is an all important factor in the continued prosperity of industry and is essential to the welfare of the citizens of the Province of Ontario as a whole:

AND WHEREAS periodical interruptions occur in the supply of this commodity from sources in the United States due to conditions over which the citizens of Ontario have no control;

AND WHEREAS interruptions such as the soft coal labour dispute just ended, after a period of four weeks, endangers the Canadian economy through curtailment of production and unemployment of our people;

AND WHEREAS there exists in the Province of Alberta and Nova Scotia large coal deposits which are available for use by the Canadian people;

THEREFORE BE IT RESOLVED that in the opinion of this Council it is imperative that immediate action be instituted by the Government of the Province of Ontario to effect the development of a regular supply of fuel from the aforesaid coal fields into the Province to provide for the future protection of Ontario industries and domestic consumers and it is also the belief of this Council that such action would stimulate the Canadian coal industry and would be in the National interest;

AND FURTHER that copies of this resolution be forwarded to the Honourable Leslie Frost, Premier of the Province of Ontario; the Honourable Charles Daley, Minister of Labour and Member of Legislature for St. Catherines; Mr. H. P. Cavers, Member of Parliament for Lincoln and to other Ontario Municipalities for endorsement and support.

CARRIED"

Exhibit 3

McINNES, MacQUARRIE & COOPER

35 Bedford Row
HALIFAX, N.S.

July 25, 1950

Dear Sir:

In connection with your efforts to have coal subventions put on a Statutory basis, you have asked me to advise you whether one Parliament can bind a successor Parliament, also to give you a number of examples of Statutes, the operation of which extend over a period of years.

It is clear beyond argument that no Parliament can bind its successors and in support of this statement I would refer to the following statements:

"An existing Parliament cannot...bind a succeeding Parliament." Halsbury's Laws of England, 2nd Ed., Vol. 24, page 176.

"The legislative power of Parliament is unrestricted, its form and course can at any time be altered by Parliament." 6 Halsbury's Laws of England, 2nd Ed., 380.

"Parliament could at any moment, by the exercise of its sovereign power, reduce the supremacy of law to a mere name." 6 Halsbury's Laws of England, 2nd Ed., 381.

"Acts of Parliament cannot curtail the powers of future Parliaments, since it is a maxim of the common law that 'Acts derogatory to the power of subsequent Parliaments bind not.'" 6 Halsbury's Laws of England, 2nd Ed., 383.

"The powers of the Crown when acting in association with Parliament are unlimited. The King in Parliament is the sovereign power in the State. It is for this reason that there is no law which the King in Parliament cannot make or unmake, whether relating to the constitution itself or otherwise." 6 Halsbury's Laws of England, 2nd Ed., 383.

"No power not even its own, can tie its hands."
 Clement's Canadian Constitution, 3rd Ed., 1916,
 2. (The reference is to the Imperial Parliament).

"That unwritten growth of the ages, the British Constitution, confides to the King in Parliament power to alter the Constitution itself." Clement's Canadian Constitution, 3rd Ed., 1916, 3.

"Nothing is so fundamental in the British Constitution that Parliament may not change it; and change it, too, in the same way as it changes the law as to any other, the least important matter, namely, by Act of Parliament." Clement's Canadian Constitution, 3rd Ed., 1916, 29.

While the strict legal position is as is hereinbefore set forth, nevertheless it is quite common for Parliament and the various Legislatures to pass Statutes, the operation of which extend over a period of years.

In England the so-called Consolidated Fund Services charges furnish an illustration. These are charges for more than the term of one year which have already been authorized by Parliament and constitute a permanent and fixed charge on the Consolidated Fund. They are accordingly paid out of the Consolidated Fund each year until the expiration of the period for which Parliament sanctions them or until the repeal of the Statute which created them.

28 Halsbury's Laws of England, 2nd Ed., 505, lists the principal Consolidated Fund Services charges as follows:

"(1) the interest, management charges, and New Sinking Fund (1928) in respect of the National Debt; (2) payments to the Northern Ireland Exchequer; (3) charges for the Sovereign's Civil List; (4) annuities to members of the families of Sovereigns; (5) the pension to whomsoever the title of Earl Nelson descends; (6) pensions, if any, to certain high officers of state; (7) the civil list pensions; (8) the salary of the Speaker, and retiring allowances for former holders of that office; (9) salary, and pension, of the Comptroller and Auditor General; (10) salaries, and pensions, of the Lord Chancellor, the judiciary in England, the salaried members of the Judicial Committee of the Privy Council, county court judges, and metropolitan police court magistrates;

(11) the salary of the Governor of Northern Ireland;
 (12) certain miscellaneous payments and allowances;
 (13) salaries of the Unemployment Assistance Board;
 (14) statutory salary to the Leader of the Opposition,
 and pensions to former Prime Ministers and First Lords
 of the Treasury; (15) issues to the Post Office Fund,
 and for capital expenditure of the Post Office;
 (16) issues for the redemption of unfunded debt;
 (17) issues for the assistance of shipping, and other
 capital advances; (18) reissues, in redemption of debt,
 of capital of Suez Canal shares drawn for repayment;
 (19) the annual charge of the balance, if any, of income
 over expenditure for the preceding financial year, which
 is issued to the National Debt Commissioners to reduce
 the debt; and (20) issues under the Tithe Acts."

Additional examples are also found in the 1949 Laws of
 England Supplement, Halisham Ed. 1657.

Among the latter examples is China (Currency Stabilisa-
 tion) Act, 1939, whereby a fund was established for the purpose
 of checking undue fluctuations in the sterling value of the
 Chinese dollar. The Treasury was authorized (up to an aggregate
 amount of five million pounds) to reimburse to any bank
 incorporated under the law of the United Kingdom or Hong Kong
 any amount by which the sums received by the bank on the
 winding-up of the fund was shown to the satisfaction of the
 Treasury to fall short of the amount of the contribution made
 by the bank to the fund, and the Treasury was authorized to
 guarantee the payment to any such bank of interest on the
 amount of the contribution made by the bank to the fund. Any
 sums required by the Treasury for the purpose of the Act were
 charged on and issued out of "The Consolidated Fund of the
 United Kingdom or the growing produce thereof."

One of the most striking examples of a long-term
 commitment is the pension to whomsoever the title of Earl
 Nelson descends, referred to in the passage from Halsbury
 last quoted. This pension, of five thousand pounds annually,
 was authorized to be paid in 1806 by 46 George 3, Chapter 146.
 I understand that recently the pension has been commuted but
 I have not the exact details.

In the Provincial field of legislation there are a
 host of Statutes exempting various persons and companies
 from taxation of various kinds, either for a limited period
 or in perpetuity. The three following Statutes may be referred
 to as illustrations:

An Act to Incorporate the Mabou and Gulf Railway Company, Limited (Chapter 134 of the Acts of the Legislature of Nova Scotia for the year 1902)

The Company was incorporated by the Statute and authorized to construct a Provincial railway. Section 26 of the Act of Incorporation is in the following terms:

"The railways of the Company, including the lands taken for right of way and station purposes, the track, station and other buildings required for the railway purposes, the rolling stock and equipment, shall be for ever free from taxation by any city, town or municipal corporation, or other similar authority, for any purposes whatever."

An Act to exempt the Humphrey's Glass Company from taxation (Chapter 156 of the Acts of the Legislature of Nova Scotia for the year 1905)

The Municipality of the County of Pictou was authorized and empowered to exempt from taxation for a period not exceeding fifteen years all real estate, buildings, plant and machinery of the Humphrey Glass Company at Trenton used for manufacturing purposes, so long as the Company carried on its glass manufacturing operations effectively.

An Act relating to the Assessment of the Truro Knitting Mills Company, Limited (Chapter 157 of the Acts of the Legislature of Nova Scotia for the year 1905)

By this Act the property of the Knitting Mills Company in the Town of Truro was directed to be assessed and rated for purposes of taxation at a sum not to exceed Thirty Thousand Dollars during ten years, with special provision being made in the event that the property cease to be used in the business. Section 3 of the Act states: "This Act shall cease and determine in ten years from the date of its passage."

In the Federal field there are a number of Statutes creating annual charges on the Consolidated Revenue Fund some what similar to the English Consolidated Fund Services charges, and in addition the following illustrations of Statutes, the operation of which extend over a period of one or more years, may be mentioned:

The Dominion Fuel Act, 1927 (Acts of Canada, 1927, Chapter 52)

By Section 3 of the Act the Minister of Mines was authorized to enter into an agreement for a period not exceeding 15 years with any person approved by the Governor in Council for the construction and operation of by-product recovery coke oven plants and other construction and the Governor in Council was authorized from time to time during the continuance of the agreement to authorize payments to such person in accordance with the provisions of the Act out of any unappropriated moneys forming part of the Consolidated Revenue Fund of Canada. Section 7 of the Act states that advantages shall not be taken of Section 3 of the Act after June 30th, 1932.

An Act to place Canadian Coal used in the manufacture of iron or steel on a basis of equality with imported coal (Acts of Canada, 1930, Chapter 6)

Section 1 of this Act provides that so long as the provisions of tariff item No. 1019 in Schedule B to the Customs Tariff remains in full effect the Governor in Council may authorize the payment out of the Consolidated Revenue Fund to manufactures of iron or steel of 49¹/₂¢ per ton of bituminous coal mined in Canada and converted into coke by a proprietor of coke ovens at his coke ovens in Canada, and used by such manufacturers in the smelting in Canada of iron from ore or in the manufacture in Canada of steel ingots or steel castings.

The Copper Bounties Act, 1923 (Acts of Canada, 1923, Chapter 40)

By Section 2 of the Act, the Governor in Council was authorized to pay out of the Consolidated Revenue Fund bounties on copper bars or rods manufactured in Canada and sold for consumption therein, from copper produced in Canada from ore mined in Canada, during the period May 12th, 1923, to June 30th, 1928, at certain rates.

By Chapter 15 of the Acts of Canada for the year 1928, the period was extended to June 30th, 1931.

The Maritime Freight Rates Act (Revised Statutes of Canada, 1927, Chapter 79)

By this Act preferred movements on the eastern lines are given preferential freight rates.

The Cold Storage Act (Revised Statutes of Canada,
1927, Chapter 25)

By Section 3 of the Act, the Governor in Council is authorized to enter into contracts with any persons for the construction, equipping and maintenance in good working order of public cold storage warehouses and by Section 5 of the Act, the Governor in Council is authorized, out of any moneys appropriated by Parliament for the purpose, if the warehouse is maintained and operated to the satisfaction of the Minister, to grant towards the construction and equipment of the warehouse a subsidy not exceeding in the whole 30% of the amount extended or approved of in the construction and equipment, payable in instalments over a period of years.

Income Tax Act (Acts of Canada, 1948, Chapter 52)

Section 74 of the Act is in the following terms:

- "(1) Where a corporation establishes that a mine was
- (a) a metalliferous mine, or
 - (b) an industrial mineral mine certified by the Minister of Mines and Resources to have been operating on mineral deposits (other than bedded deposits such as building stone),

that came into production of ore during the calendar years 1946 to 1949, inclusive, income derived from the operation of the mine during the period of 36 months commencing with the day on which the mine came into production (other than any portion thereof in the year 1946) shall, subject to prescribed conditions, not be included in computing the income of the corporation.

- (2) In this section, 'production' means production in reasonable commercial quantities."

1950 Amendments to Income Tax Act

By Section 46 (2) exploration expenses incurred by mineral exploration companies in searching for minerals in Canada during the calendar years 1949 to 1953 inclusive may be deducted from income.

The Canada-United Kingdom Income Tax Agreement
Act, 1946 (Statutes of Canada, 1946, Chapter 38)

Article XVIII of the Agreement states that it is to continue in effect indefinitely but provision is made for either of the contracting Governments on or before the 30th day of June in any calendar year after the year 1947 to give notice of termination.

By the Act the Agreement, which is set out in the Schedule to the Act, is approved and declared to have the force of law in Canada. The Act is to come into force on a day to be fixed by proclamation of the Governor in Council and is to continue in force until a day to be fixed by proclamation of the Governor in Council following on the termination of the Agreement.

The Canada-United Kingdom Succession Duty Agreement
Act 1946 (Acts of Canada, 1946, Chapter 39)

By Article XI of the Agreement it is to remain in force for not less than three years after the date of its coming into force. Section 2' of the Act states that the Agreement, which is set out in the Schedule to the Act, is approved and declared to have the force of law in Canada and by Section 5 the Act is to remain in force until a day to be fixed by proclamation of the Governor in Council following on the termination of the Agreement.

The New Zealand Trade Agreement Act, 1932 (Acts of
Canada, Chapter 34)

Article X of the Agreement states that it is to be subject to the approval of the Parliaments of Canada and of New Zealand. Upon approval being given, it was to be brought into force upon a date to be agreed upon between the Governments of Canada and of New Zealand and was to remain in force for a period of one year. By the Statute, the Trade Agreement, a copy of which is set out in the Schedule to the Act, is approved and declared to have the force of law in Canada.

Canada-Guatemala Trade Agreement Act, 1938, (Acts of
Canada 1938, Chapter 19)

Article X of the Agreement provides that it is to be ratified and the instruments of ratification are to be exchanged as soon as possible. The Agreement is to come in force thirty days after ratification and is to remain in force not less than three years. By Section 2 of the Act the Agreement, a copy of which is set out in the Schedule to the Act, is approved and declared to have the force of law in Canada notwithstanding the provisions of any other law in force.

The Emergency Gold Mining Assistance Act (Acts of
Canada, 1948, Chapter 15)

By the Act the Minister of Mines and Resources "may pay" to persons engaged in operating a gold mine, certain bonus payments to assist in meeting the increased cost of production of gold.

I trust that the examples which I have set forth may be of some assistance to you. If you would care to examine any of the legislation to which I have referred, I can make it accessible to you in our Library.

During the course of our discussions on this matter, you raised the question whether a Statutory subvention program could be made sufficiently flexible. That, of course, raises broad questions both from the standpoint of economics and of law and there would be many difficulties in the way of working out a Statutory program. I have previously outlined to you my general views and I presume that there is nothing further you wish me to add. I note in this regard that Mr. Justice Carroll and Mr. Justice McLaurin were of the opinion that "It is not generally practical to fix subvention aid by statute because the assistance must vary from time to time with changes in the competitive situation." (Report of the Royal Commission on Coal, 1946, page 583). Mr. Morrison appears to have been of a different view. See the Report at pages 587 and 597.

Yours very truly,

"John T. MacQuarrie"

Dr. Robert D. Howland,
P. O. Box 1027,
Halifax, N. S.

Exhibit 4RESOLUTIONS PASSED BY THE PROVINCIAL DELEGATES
AT THE SECOND INTERPROVINCIAL MEETING ON
COAL RESEARCH

DOMINION COAL BOARD - OTTAWA

February 21st and 22nd, 1950

At the conclusion of the Second Conference on Coal Research held in Ottawa February 21 - 22 under the aegis of the Dominion Coal Board, the Provincial delegates wish to record the following observations and recommendations. In particular, they wish to:-

- 1) Congratulate the Chairman of the Dominion Coal Board on the organization of this second conference on Coal Research and to express their appreciation of the assistance given by the officers of the various Federal Government Departments in providing reports and discussion on a wide variety of important subjects. It was the general consensus that the meeting had been of real value.
- 2) Emphasize again the necessity for a larger influx of trained scientific personnel into the coal industry and to commend the Board on their efforts to date to encourage this trend. While appreciating the difficulties confronting the Board, the delegates urge that the Board continue their present efforts to work out a scheme in co-operation with the producers whereby the recruitment of trained personnel would be greatly increased.
- 3) Indicate the recruitment and provision of thoroughly trained scientific personnel for research work is a most important matter and to suggest that the recruitment of such personnel might be improved and expedited if the Dominion Coal Board could participate financially with the Provincial agencies concerned in respect to fellowships and post-graduate projects. In such cases the provincial agencies might be responsible for the definition of the project, the selection of the student and the general administration of the fellowship or project. It is also suggested that financial assistance might be provided for the upgrading of the scientific personnel in the employment of the Government of Canada engaged in coal research.

- 4) Express in the strongest terms their commendation of Dr. MacKay and the Geological Survey on the Atlases of Maps covering the coal areas of Alberta and of Sydney, N.S., as presented to the meeting and to urge most strongly the publication of the remaining maps prepared in connection with the Estimate of Coal Reserves undertaken for the Royal Commission on Coal, 1946, and in particular, the maps covering the Pictou and Springhill fields in Nova Scotia and any other such maps which the Provincial authorities may request.
- 5) To express great interest in the projected Federal work on Inflammability and Explosive properties of coal and industrial dusts and record their opinion that the plan should be pursued along the lines set forth by Mr. Ignatieff with as little delay as possible.
- 6) To express similar interest in the Federal plans for new systematic and continuous work on Rock Pressures, Roof Control and related coal mining research and record their opinion that this work as presented by Mr. Ignatieff should be developed and continued.
- 7) To commend Mr. Legget, Director of the Division of Building Research of the National Research Council on his very clear presentation of the investigations being carried out under his direction regarding insulation and vapour barriers and to express their interest in the continuation of this work.
- 8) To record their conviction that studies on the beneficiation of coal are of vital necessity to the Canadian coal industry, to strongly commend the Mines Branch of the Department of Mines and Technical Surveys for their initiative in adopting the principle of developing of regional testing and research stations for this purpose, and to recommend that the proposed station in Western Canada be established as soon as possible.
- 9) To indicate universal agreement on the need for analyses of Canadian coals based upon large scale and frequent sampling by a responsible agency. The mobile sampling procedure initiated by Nova Scotia might be profitably applied in other Canadian coal fields. The delegates suggest that the Dominion Coal Board explore this matter with the Mines Branch of the Department of Mines and Technical Surveys and the provinces concerned.

10) To express great satisfaction that an electric mine equipment testing station is being set up by the Federal Government. This is considered a vital step in the traditional service of the Federal Department of Mines to the Canadian mining industry. The delegates would urge the Provincial Ministers of Mines to give their utmost support to the continued development of this project.

11) To recommend to the Provincial Ministers of Mines that support be given to future conferences.

February 23, 1950.

REPORT OF THE COAL COMMITTEE

1. The Committee received the report of the Standing Committee on coal, a joint resolution from the Western Canada Bituminous Coal Operators' Association and the Domestic Coal Operators' Association of Western Canada, a statement on coal policy by Dr. F. W. Gray, and a resolution in support of the coal industry by the Joint Provincial Mining Associations of Canada. These documents were reviewed and discussed at the various meetings of the committee and the sub-committees into which the committee divided for conference purposes.
2. The Coal Committee is convinced that an acute situation is developing in respect to coal policy. A threatened coal shortage in Ontario during the last heating season has accentuated the desire of Ontario to secure increasing supplies of Canadian coals. On the other hand, the rapid development of competing fuels in Western Canadian markets has restricted and will further restrict, the outlets for Western coal in their local markets. Concurrently the railways have announced an increase in freight rates on movements of Western coals to the Ontario market. It is the consensus of the Committee that Ontario cannot look for supplies of Western coals or the Western industry look for this market as an outlet for the tonnage which is being displaced by oil and natural gas in their local markets, if there is any adverse change in the existing competitive situation.
3. The Committee emphasizes the importance of the problem. The coal industry, both Maritime and Western, is of national importance. This is a matter first of insuring minimum supplies of Canadian coal for central Canadian consumption and for emergency purposes, associated in the past with wars and shortages of United States coals. In the second place the coal industry is a vital factor in the economies of the producing provinces. The significance of the Western industry is fully set out in the first six clauses of the submission of the Western Operators' Association previously referred to and which reads as follows:-

"WHEREAS the coal industry in Western Canada:

1. has for the past half century played a major role in the development of Western Canadian economy through large-scale production of an essential commodity; and
2. is an important employer of labour providing a direct livelihood for 25,000 people - its employees and their families; indirectly providing employment for many thousands more, railway men, handlers, truckers and those who service the distribution of coal; and
3. has been for many years the only sizeable heavy industry in the Prairie Provinces and has produced more than 300 million tons with a pit head value in excess of 800 million dollars. In 1949, the coal production of Saskatchewan, Alberta and British Columbia was greater than 12 million tons valued at 60 million dollars; more than 30 million dollars of which was paid out in wages - the largest wage bill for any single industry in Western Canada; and
4. by its purchases of timber, machinery, other equipment, power, supplies and services, makes a valuable continuing contribution to other industries and towards the industrial expansion of the West; and
5. the ten thousand mine workers together with their cities, towns, communities and camps provide farmers in their areas with valuable home markets for agricultural produce; and provide manufacturing and distributing houses with markets for goods and services; and
6. in time of war, adequate transportation facilities and the production of industrial energy are vital to national security. Experience in World War II indicated the dependency of Canada's wartime economy on adequate coal supplies and the inevitability of petroleum shortage. Because coal reserves, in Western Canada constitute 90% of Canada's energy reserves, coal is and must remain the backbone of our national energy supply. The Western coal industry represents the immediate and developing availability of those reserves."
4. It is our opinion that the active attention of the Mines Ministers should be directed to the coal problem, not only to foster the interest of their respective provinces, but also to give direction and focus attention on the matters noted herein.

5. The essential problem at this time relates to the Western coal industry and the requirements of Ontario for coals from the West. It is agreed that Ontario has a potential market for a minimum tonnage of 1,000,000 tons annually of Western coals within a period of 3 or 4 years. The development of this market depends on the Western coals being competitive in this market. This must include the provision of the kind and grade of coal which is required by the Ontario consumers but is essentially a matter of transportation costs.

The Western industry expects to lose an annual minimum of 1,000,000 tons of its normal domestic and industrial market within the next year or two. The only alternative outlet for Western coal is in Ontario. The Western industry is prepared to increasingly supply the requirements of the Ontario markets. Such a program, however, depends upon a long term transportation policy (at least 10 years), which places the Western coals in Ontario markets at competitive prices. The emphasis on a long term basis is vital both to the consumers in central Canada and the coal producers in the East and the West.

During the past year Western coals have been increasingly moving into Ontario (300 to 500,000 tons annually). The maximum freight rate is \$8.40 a ton. The subvention is \$2.50 a ton, resulting in a net transportation cost of \$5.90. The railways recently announced a maximum increase of \$2.35 a ton effective April 1st, 1951, to be followed by a second maximum increase of \$2.35 per ton on April 1st, 1952. The bulk of any new tonnage of Western coals moving into Ontario will carry the maximum rate and related increases. It is the concerted opinion of the Western industry that any increase in the present net transportation cost will in effect exclude all shipment of Western coals to Ontario.

6. Railway companies at present use approximately 3,000,000 tons of Western Canadian bituminous coal and this represents about 60% of total production. Without this tonnage, or a market replacement for this tonnage, the Western Canadian bituminous coal industry would cease to exist as an industry. Having regard to the communities involved and the potential future industrial requirements of Canada, it is suggested that

the elimination of bituminous coal production would be a tragedy which would in time retard the industrial development of the West, with consequent adverse effect on the railways themselves.

7. Your Committee feels that the matter of coal policy and responsibility is of vital concern to both the Federal and Provincial Governments. In view of the dimensions and nature of the problem, the initial policy must be established by the Federal authorities. Your Committee, therefore, recommends that the Ministers of Mines proceed to Ottawa and press strongly for the adoption of a policy under which the Federal Government will provide for:
 1. Long term transportation assistance on an increasing tonnage of Canadian coals to central Canadian markets.
 2. Transportation assistance sufficient to establish and maintain the competitive position of Canadian coals in the central markets.

Your Committee further recommends that conferences be arranged between the provincial authorities and the Canadian coal industry toward insuring that the central market consumer shall receive the sizes, grades and brands of coal he desires to purchase.

It is further recommended that the Ministers take note of the situation in respect to railway use and purchase of Canadian coal and request from the railway companies their most sympathetic consideration for the continued use of a substantial tonnage of Canadian bituminous coal.

It is further recommended that the "Standing Committee on Coal" continue to function.

Addendum 1ADDENDARESEARCH

There is a vital need for continued and more concerted and energetic research relating to all phases of the coal industry and the Committee urge the Provincial Ministers to implement, in co-operation with the Dominion Coal Board, such a program. Particular attention should be paid to the development of suitable domestic coal-burning equipment designed to offset the increasing use of other fuels for this purpose. The Committee notes that the Provincial delegates to the second Research Conference convened under the auspices of the Dominion Coal Board in Ottawa in February, 1950, recorded commendation of the Board for calling the conference and a number of projects which are being carried out by Dominion and Provincial authorities. It is suggested that the Ministers refer to the recommendations of the delegates.

Addendum 11TESTING STATIONS

The Committee recommends that the Minister request a progress report from Ottawa regarding the establishment of the testing laboratory for permissible electrical equipment for use in coal mines arising out of the discussions of the Ministers in Ottawa following the Conference of 1949.

Addendum 111INTERNATIONAL CODE

The Committee commends to the attention of the Ministers and their officials, the International Model Code of Mining Legislation recently brought down in Geneva.

To the Provincial Mines Ministers in Conference,
Victoria, British Columbia, September 13th to 16th, A.D. 1950.

RESOLUTION

CANADIAN COAL POLICY AS IT AFFECTS WESTERN COAL

WHEREAS the coal industry in Western Canada:

1. has for the past half century played a major role in the development of Western Canadian economy through large-scale production of an essential commodity; and
2. is an important employer of labour providing a direct livelihood for 25,000 people - its employees and their families; indirectly providing employment for many thousands more, railway men, handlers, truckers and those who service the distribution of coal; and
3. has been for many years the only sizeable heavy industry in the Prairie Provinces and has produced more than 300 million tons with a pit head value in excess of 800 million dollars. In 1949, the coal production of Saskatchewan, Alberta and British Columbia was greater than 12 million tons valued at 60 million dollars; more than 30 million dollars of which was paid out in wages - the largest wage bill for any single industry in Western Canada; and
4. by its purchases of timber, machinery, other equipment, power, supplies and services, makes a valuable continuing contribution to other industries and towards the industrial expansion of the West; and
5. the ten thousand mine workers together with their cities, towns, communities and camps provide farmers in their areas with valuable home markets for agricultural produce; and provide manufacturing and distributing houses with markets for goods and services; and
6. in time of War, adequate transportation facilities and the production of industrial energy are vital to national security. Experience in World War II indicated the dependency of Canada's wartime economy on adequate coal supplies and the inevitability of petroleum shortage. Because coal reserves in Western Canada constitute 90% of Canada's energy reserves, coal is and must remain the backbone of our national energy

supply. The Western coal industry represents the immediate and developing availability of those reserves.

AND WHEREAS the Government of Canada in establishing the Dominion Coal Board, set the following objectives:

- A. the maintenance of an adequate supply of coal for our national requirements;
- B. the building of a sound and healthy producing industry;
- C. the finding of steady and adequate markets for Canadian coals; and
- D. the providing of reasonably full employment at fair wages for Canadian mine workers.

AND WHEREAS:

1. increasing competition from oil, natural gas and other fuels in Western Canada indicates for the immediate future a shrinking in Western markets for both Bituminous and Domestic coals and a stoppage of the industry's development; and
2. shrinkage in production will create a situation which will adversely affect not only inefficient but the most efficient operations since there is a competitive point beyond which even the best low cost and efficient mines cannot go; and
3. every mine has a certain tonnage which provides a break-even point. Unless it can operate at least at this rate, it cannot remain solvent; and
4. present conditions clearly indicate the immediate necessity of the industry's establishing and developing alternate markets to maintain present production; and
5. the Province of Ontario consuming 25 million tons of coal each year supplied by mines in the United States presents the only remaining market. Purchases of American coal by Ontario consumers last year cost 140 million American dollars with resultant loss to Canada's foreign exchange position; and
6. the presence of Canadian produced coal in Central Canadian markets will have a stabilizing effect both on the price and supply of the large requirements imported from the United States; and

7. Western Canadian mines can now supply grades of coal and briquettes suitable for industrial and domestic consumption in Ontario; and
8. the principal obstacle to the development of a sound market in Ontario is the high cost of transporting Western coal; and
9. failure to maintain a net transportation cost that will enable Western coal to successfully compete with imported coal, means complete exclusion of Western coal from the Ontario market.

THEREFORE, IT IS HEREBY RESOLVED:

- A. that it is in the interest of Canada and the Provinces that the Western coal industry develop for the benefit of all Canadians in a peacetime economy and for wartime security; and
- B. that it is essential to maintain a net transportation cost to enable Western coal to compete successfully in Ontario to the point that a substantial and increasing tonnage can be sold; and
- C. that public pronouncement by Government of a permanent subvention policy is necessary; and
- D. that the same type of assistance now being provided to Eastern producers under the Maritime Coal Producers' Assistance Act should be made available to Western producers; and
- E. that conferences be arranged between the Provincial authorities and representatives of the Western coal industry towards ensuring that the Ontario consumer shall receive the sizes, grades and brands of Western coal he desires to purchase.

Respectfully submitted on behalf of:

THE WESTERN CANADA BITUMINOUS
COAL OPERATORS' ASSOCIATION

- and -

THE DOMESTIC COAL OPERATORS' ASSOCIATION
OF WESTERN CANADA.

RESOLUTION OF THE JOINT PROVINCIAL MINING ASSOCIATIONS

September 13, 1950.,
Victoria, B. C.

Be it resolved that the Joint Provincial Mining Associations go on record as endorsing and supporting the efforts of the coal mining industry in Canada to maintain and expand the production and sale of Canadian coal in this country.

And that the efforts of the coal mining industry to obtain or retain equitable and reasonable freight rates be commended to the provincial and federal governments.

CARRIED UNANIMOUSLY.

A N A T I O N A L C O A L P O L I C Y .

An Analysis of its Practicability and of how such a Policy might be Promoted.

F. W. Gray

This much-used phrase is more easily employed than defined.

Canada, in the highest patriotic and political sense, is an independent nation. Geographically, it is an extension of the United States. Our land boundaries are not natural features, are in fact a political concept, traced on the map, maintained in honor and probity by two friendly nations on the basis of that concept.

Our manners, laws, languages; all our ways of life, are closely related or identical.

These premises conceded, analysis of the part played in Canadian economy by coal must start with recognition that Canada imports from the United States annually twice the tonnage of coal produced from Canadian sources. Virtually all these imports are used in Ontario and Quebec. The Maritime provinces are self-supporting in coal needs, with ability to supply the St. Lawrence Lowlands also. Similarly, the Western provinces are not only self-supporting in coal needs, but able to send coal eastwards to an extent limited only by cost of transport.

The over-riding circumstance is that the most convenient source of coal supply to the region of greatest Canadian use is the United States. Nor is there any reason to anticipate interruption in this supply, so far as the United States is concerned.

Canada as a nation, taking the long-range aspect of coal supply, has free choice of her source of coal, but never can be self-supporting in supply.

What then should be our choice, conceding that complete independence in coal supply is not feasible for Canada.

Canada's "choice", if that be the accurate word, has been to colonize along the course of the St. Lawrence and Ottawa rivers to the Head of Navigation on the Great Lakes. Our great cities of Montreal and Toronto have developed along this traditional trade route. Seventy-five percent of our population lives in these cities and their vicinity. The bulk of our heavy industries is similarly located. In this area there are no coal-seams. Twice as much coal is consumed therein as is mined in all Canada, including in Canadian production low-grade lignites unable to compete on a basis of heat value with United States coals customarily used in Ontario and Quebec.

This condition is a fait accompli; has come about without deliberate intent or attempt at guiding governmental policy.

Canada has become increasingly dependent for coal-supply on the United States: in the region in question virtually totally so. In the Provinces of Quebec and Ontario the development of water-powers, great as these are, has been outstripped by energy demand. Construction of steam-electric power-plants now under way, at a cost of forty million dollars, will increase our dependence on United States coal.

One cannot visualize Federal legislative action that can materially alter a situation caused by concentration of industry and consequent population growth.

Federal coal-transportation subventions have proven the most effective aid to the narrowing of the gap between the competitive orbits of Western and Eastern coal-travel. Undoubtedly the greater the application of subventions the narrower the gap as demonstrated by the experience of the past twenty years. This policy is within the right and competence of the Federal Parliament, but it does not, and possibly cannot, go far enough.

This being so, is it not proper to ask whether such powerful organizations as the Canadian Manufacturers Associations, and leading groups of economists, bankers and trades associations, be urged to investigate where the present disparate dominance of industry in central Canada is leading our country? And to ask whether it would not work towards the best interest of national soundness to promote the deliberate creation of industry upon the Western Coal-fields? Such dominance is critically and devisively

increasing, a tendency that bodes ill for Canada.

This suggestion, if impartially analysed by competent business and political economists, working together as a team from the viewpoint of Canadian national welfare, would be found to consist not in a contest of special pleading by advocates of conflicting provincial aspirations, but an enquiry touching the perpetuation of Canada's political independence.

Geological research in the Western provinces has recently shown the abundant presence of crude petroleum, to be added to coal, natural gas and water-powers, a combination of energy sources, that -unless Canada is to prove an exception to a world-accepted rule- will draw population to buy the cheaply-provided goods that a local energy-supply of generous extent will make possible.

Taking once more a not very long-range view of Canadian economy is it not proper to suggest that the coming industrialization of the West will disclose the illogicality of subsidizing the transportation of western-mined coal to be used in the East to make goods for consumption in the West and the unwisdom of paying 'transportation' costs two ways.

Self-preservation alone should induce Eastern manufacturers to investigate the wisdom of some decentralization of their operations from localities totally dependent on United States coal imports, to sites in this Western power-rich area, where they could maintain their predominance as national industries and use Canadian coal. A policy of this kind could well prove an anchor to windward.

Belief in national independence is the outcome of our traditions, our upbringing, in short of our education.

Persistence in that belief can be maintained by wider education of our people in national unity of thought. Little has been accomplished in unified thinking in Canada concerning our local resources, or how these can best be developed for the strengthening of our country. Because of the separated occurrence of these deposits our thinking has taken on a sectional aspect. It is difficult to see how a true Canadian viewpoint may be achieved, except perhaps by educational methods, undertaken by coal-consumers in Canada, with the aid of the Universities, school-texts, scientific

and technical associations, and the synthetic collaboration of the research departments of the Federal and Provincial Governments.

The technical aspects of coal production have received much attention from the Canadian Institute of Mining and Metallurgy and its affiliate, the Mining Society of Nova Scotia, but neither of these societies are fitted to undertake educational promotion of the scope suggested, nor indeed is it their proper function, that being strictly professional.

Nor does the suggestion visualize a political lobby, the root-thought being to eliminate partisan ideas. What is needed is a study, de novo, of the energy sources available to Canada, those now used or usable at home, and those we can buy outside, and, of course pay for, if we can. Federal and Provincial statistics tabulate our energy consumption, in a divided and scattered manner. To date no synthesis has been attempted, except that provided by Table 26 in "Coal Statistics for Canada" prepared by the Dominion Bureau of Statistics, for which students of our coal problems sincerely thank the Bureau. The magnitude of such a task of summation is apparent, but that is a good reason why it should be undertaken.

The writer attempted such a calculation in 1944 in the Submission of the Dominion Coal Company to the Carroll Royal Commission on Coal, and arrived at a close approximation of the total use of energy in Canada, on the basis of coal equivalency, of 88 million short tons. To this total Canadian-mined coal contributed 18 percent. At this date, because of increased use of water-powers and petroleum, the contribution of Canadian-mined coal will show a lowered percentage, as it has done every year over a period of twenty-five years. The falling curve of coal usage in Canada has still to reflect the "dieselization" of railway locomotives and the displacement of coal by petroleum in the three western provinces, and is now too probably at an all-time low point.

The conditions calling for an assessment of the energy consumption of Canada as a whole, as a guide to formulation of a "Fuel Policy" seem to be cumulative, and from the viewpoint of the coal-mining industry, urgent.

We should think of how unimportant a part our coal-mining population plays in Canadian political economy; how small it is compared with the national necessity for the coal it provides, and realize how puny must remain the effort of this moiety of our people to influence public thought and parliamentary action, which, after all, are cause and effect.

Our coal-mining population (allowing an average of four family dependents to each coal-worker) is a scant one percent of total Canadian population at this time. It is, at that, a diminishing percentage. Half of our coal-mining population lives in the Maritimes, half in the three Western Provinces. The incidence of coal-mining population is greatest in the Maritimes, being approximately six percent, against two percent in the Western coalfields. In Nova Scotia, however, the coal-mining population is in excess of twenty percent, consequently more is heard of Nova Scotian coal-mining affairs.

The task is to influence in favour of Canadian coal the three-quarters of our people living in Quebec and Ontario, whose contact with Canadian coal-mining people and their affairs, is slender, and hearsay at that.

NATIONAL COAL POLICY

Subsequent to the Conference the Honourable Messrs. Gemmell, French, McKinnon, Tanner and MacDonald interviewed the Right Honourable C. D. Howe and the Honourable Dr. J. J. McCann regarding a national coal policy.

When the railroads announced the freight increases on coal to central Canada the matter of coal subventions was immediately taken up with Mr. Howe, who expressed the opinion that the situation was not as serious as stated and that the position of the Government had not changed since the autumn meeting and the statements made at that time were valid.

In March a delegation representing the Domestic Coal Operators' Association, the Western Canada Bituminous Coal Operators' Association and the United Mine Workers of America, District 18, went to Montreal and interviewed the vice-presidents of both railways, without results. The delegation then proceeded to Ottawa and interviewed Mr. Howe and received a promise that some increased assistance would be given to the domestic coal operators, other than strip mines, and a very limited amount to the bituminous coal operators.

About this time the Dominion Coal Board, formerly reporting to the Right Honourable C. D. Howe, came under the supervision of the Minister of Mines and Technical Surveys. On April 13th, your Chairman, after having placed the correspondence with Mr. Howe before the Provincial Ministers, made his reply to the Honourable George Prudham, with a copy to Mr. Howe. Mr. Prudham replied on April 31st, enclosing a copy of P.C. 1903, setting out the new subventions which he described as a stop gap until consideration could be given by the Board of Transport Commissioners to the appeal being prepared by the western coal operators.

TESTING AND APPROVAL STATION

Subsequent to the Conference the Ministers Committee discussed this matter with the Honourable Dr. J. J. McCann.

Immediately after the Conference the Canadian Electrical Manufacturers Association took up with your Chairman the matter of the use of electricity in mines and the need of a testing and certification service for electrical equipment embraced by the specifications of the Canadian Electrical Code and suggested that the Provinces:

- (a) Accept Canadian Electrical Code, Part V (Nos. 1 and 2), with revisions as and when issued, as requirements for electrical installations in mines.
- (b) Accept when issued the CSA Specifications pertaining to construction and test of electrical equipment for use in mines.
- (c) Accept the testing and certification service of the Approvals Division of Canadian Standards Association in connection with electrical equipment for use in mines.

Shortly afterwards the Canadian Standards Association offered its services for the testing and certification of electrical equipment for mines.

After considerable correspondence with the C.S.A. and discussion with officials of the Department of Mines and Technical Surveys, the Chief Inspectors of Mines for the Provinces met informally on April 8th at the time of the C.I.M. convention at Quebec, to discuss the proposals of the Canadian Standards Association and the Department of Mines and Technical Surveys.

On April 10th, the Chief Inspectors met the Honourable Mr. Prudham, his Deputy, and Messrs. Gilmore and Parsons, and discussed the matter fully with them.

The recommendation of the Mines Ministers was that the Dominion Government provide the testing and approval authority. The Department of Mines and Technical Surveys advised that in view of defense preparation and unforeseen expenditures the Dominion was unwilling to provide a testing station but would provide an approvals authority and if the Provinces would agree to the testing being done by the C.S.A., the Dominion would provide an Approvals Officer to be attached to the testing station.

On April 11th, the Chief Inspectors informally met representatives of the C.S.A. and it was generally agreed that the foregoing proposal be placed before the Mines Ministers Conference with a recommendation that it be accepted; that is, the C.S.A. to provide a testing station for flame-proof equipment for coal mines and the Department of Mines and Technical Surveys to provide an Approvals Officer.

REPORT BY THE COMMITTEE ON GEOLOGICAL
SYMBOLS, PATTERNS, COLOURS, AND MAP SCALES

The Committee on the Standardization of Symbols, Patterns, Colours, and Scales on Geological maps recognizes the impossibility of adhering strictly to any standard set of symbols, patterns, and colours in all cases, but does recognize the desirability of approaching uniformity as nearly as possible and for this purpose approves the set of symbols and patterns, and colours proposed by the Geological Survey with certain modifications which will be sent to the Department of Mines and Technical Services.

It was agreed that each Province should submit directly to the Department of Mines and Technical Services its suggested modifications.

REPORT OF STANDING COMMITTEE ON
PETROLEUM AND NATURAL GAS

The Ministers of Mines, at their meeting at Jasper, September 1948, realizing the importance of the oil industry to Canada, approved the recommendation of the Petroleum Committee relative to the setting up of an Inter-Provincial Standing Committee on Petroleum and Natural Gas.

Early in 1949 the Committee was constituted, composed of one Government member from each province and representatives from industry with a paid secretary. The Committee was appointed to consider the following problems:-

- (a) The drafting of suggested petroleum and natural gas regulations as a guide to the Provinces in preparing legislation. It is considered advisable to develop uniformity in such regulations as far as possible.
- (b) The function of the Committee would also be to advise the Ministers of problems involving taxation, freight rates, supplies for development, distribution of crude oils, and general topics as new conditions may warrant.

The first report of the Committee was submitted to the Minister of Mines Conference held at Fredericton, N. B., on September 7th and 10th, 1949. (See Proceedings of the Sixth Annual Conference of the Provincial Ministers of Mines). Among other things the Ministers approved: "That the Inter-Provincial Committee on Petroleum and Natural Gas should be maintained throughout the year 1950." The Government representatives on the Committee for 1950 were as follows:-

Mr. I. N. McKinnon, Alberta,	Dr. I. W. Jones, Quebec
Chairman (pro tempore)	Mr. J. S. Richards, Manitoba
Mr. W. J. Dick, Secretary	Mr. J. K. Swanson, Saskatchewan
Mr. A. R. Crozier, Ontario	Dr. T. B. Williams, British
Mr. M. G. Goudge, Nova	Columbia
Scotia	Dr. W. J. Wright, New Brunswick

Industry Representatives:

W. D. C. Mackenzie	-	Imperial Oil Company
G. M. Furnival	-	California Standard Company
Geo. E. Dunlop	-	Sun Oil Company
J. W. Hamilton	-	Home Oil Company
R. A. Brown	-	Brown, Moyer and Brown Ltd.

Two meetings of the Committee were held during the year, at Regina on March 31st and April 1st and Victoria on September 11th and 12th.

Several meetings were held from time to time during the year with industry representatives in Calgary. Industry representatives also held a number of meetings in Calgary.

GENERAL

Production and Consumption

Notwithstanding the large increase in the production of Canadian crude oil in 1949, Canada is still dependent on other sources for some eighty per cent of her supply of petroleum and petroleum products.

The following table (Table 1) shows the Canadian production and the total amount of crude oil received at Canadian refineries.

TABLE 1

<u>Year</u>	<u>Canadian</u>	<u>Imported</u> (millions of bbls.)	<u>Total</u>	<u>% Canadian</u>
1				
1940	8.4	42.7	51.1	16.4
1941	9.7	46.6	56.3	17.2
1942	9.9	44.1	54.0	18.3
1943	9.3	50.9	60.2	15.4
1944	8.4	57.9	66.3	12.7
1945	7.7	58.0	65.7	11.7
1946	7.0	63.2	70.2	10.0
1947	6.9	69.8	76.7	9.0
1948	11.9	77.3	89.2	13.3
1949	21.5	75.7	97.2	22.1

In 1949 the Canadian production of crude was 21.5 million barrels which was supplemented by imports of 75.7 million barrels of crude and 17.7 millions of refined and other petroleum products, so that the apparent total consumption of petroleum and petroleum products in Canada amounted to some 115 million barrels in 1949, or an average of a little less than 300,000 barrels per day.

The significant fact is that notwithstanding the amount of Canadian crude received at the refineries, which increased from 8.4 million in 1940 to 21.5 million barrels in 1949, this increase has not kept pace with consumption as imports have increased from 42.7 million to 75.7 million barrels for the same period. In other words there was a gain of 13.8 million of Canadian crude as against an increase of 33 million barrels of additional imports.

Imports are made principally from dollar countries and have to be paid for in United States dollars, and therefore constitute a major deterrent factor in our Canadian economy. True

the situation would have been that much more serious had it not been for the increase in Canadian production. Similarly had the Prairie Provinces still been dependent on United States oil, the price to consumers would have been considerably higher than at present, due to laid down costs and American exchange.

Market

The production capacity of Alberta wells under the Conservation Board's allowables were greater than the market demands and therefore all wells were restricted by voluntary proration to serve existing markets. The present markets for light crude consist, largely, of the Prairie provinces and amounts to some 65,000 to 72,000 barrels per day.

During 1950 an important step was made to extend the market for Alberta light crude by the construction of the International Pipeline from Edmonton to the head of the lakes which will serve the refineries at Moose Jaw, Regina, Brandon and Winnipeg en route as well as refineries at Sarnia, by large tankers. New refineries are being constructed to take care of the increased demand. The following is an outline of the present light crude refineries in areas tributary to supplies of Alberta oil, together with refineries now under construction:-

Prairie Provinces B/D

Manitoba	15,700	(includes 10,000 now building)
Saskatchewan	27,350	(" 2,000 " ")
Alberta	<u>52,500</u>	(" <u>12,000</u> " ")
	95,550	24,000

Present outlet 71,550 B/D (say 72,000 B/D)

Ontario

Toronto - Sarnia area 87,950 B/D

★ British Columbia

Light crude refining capacity	27,000 B/D
Product demand (light crude equivalent)	35,000 "

Interprovincial pipe line outlook

based on no increase in pumping stations

1951 - beyond Gretna (i.e. Winnipeg connection)	40,000 B/D
1952 - " "	55,000 B/D

From the above it would appear the market demand to be as follows:-

1950 - mid-year 72,000 B/D

1951 - average	75,000 B/D	Prairie demand
	40,000	Ontario outlet
	<u>115,000</u>	B/D

1952 - average	77,000 B/D	Prairie demand
	55,000	Ontario outlet
	<u>132,000</u>	B/D

It will be noted, however, that in the above figures no consideration has been given to the fact that additional 24,000 B/D has been added to refinery capacity in 1951 which could take care of any increased demand in the Prairie Provinces.

★ In all probability other Pacific markets will have to be secured in order to move Prairie crude into British Columbia.

Petroleum Exploration in Canada

The following is an outline of petroleum development in the four western provinces in 1949 and 1950:

<u>Crown Lands</u>		<u>Alberta</u>	<u>B. C.</u>	<u>Sask.</u>	<u>Man.</u>
Acres under reservation	1949	36,998,816	2,367,424	17,500,000	1,708,000
" " "	1950	37,053,444 ★	9,393,701 ★	36,000,000 ★	1,845,000
Acres under lease	1949	3,395,692	15,055	275,000	3,200
" " "	1950	5,160,330 ★	14,317 ★	310,500 ★	1,920 ★
Number of geophysical parties	1949	72	1	6	2
" " "	1950	77	1	31	8
Exploration and development Cost (est.)	1949	\$100,000,000	\$500,000	\$1,250,000	\$575,000
" " "	1950	\$150,000,000	\$1,000,000	\$5,500,000	\$1,100,000
Oil or gas wells completed	1949	784	1	40	2
" " " " "	1950	432 ★	5 ★	6 ★	4 ★

* For the first six months (including freehold lands the total under development would be approximately 125,000,000 acres).

From the above it is evident that oil exploration and development in the four western provinces is increasing at a rapid rate.

New Brunswick -

Number of acres under reservation	1949	--	Nil
" " " " "	1950	--	Nil
Number of acres under lease	1949	--	10,000 sq. miles
" " " " "	1950	--	" " "
Geophysical parties	1949	--	One
" " "	1950	--	Nil
Exploration and development cost (estimated) 1947 to 1950	--	--	3 million dollars
Oil and gas wells completed	1949	--	7
" " " " "			(3 gas producers)
" " " " "	1950	--	6
			(estimated). Dry

Nova Scotia - The number of acres under license Class 1 for 1949, was 2,264,320; under Class 11 5,120.

Class 1 licenses require geological or geophysical surveys to be made as statutory work requirements, while Class 11 licenses, actual drilling operations. Although no work other than a geological report was made on any of the oil licenses during 1949, the same licenses were renewed for 1950.

<u>Quebec</u>	<u>1949</u>	<u>1950</u>
Number of acres under special exploration license	199,776	149,776
Number of acres under claim and development license	74,250	61,963
Geophysical parties	0	0
Exploration and Development Cost	\$442,296	?
Oil and gas wells completed	0	0

Oil Reserves

The oil reserves of Alberta have been developed at a very rapid rate and according to the best information available amount to the order of some one billion to one and one-quarter billion barrels.

The maximum efficient rate at which these reserves could be produced is such as to provide a comfortable margin over the immediate prospective market requirements.

WORK OF COMMITTEE

1. Legislation

In the 1949 report the Committee submitted the draft of a model Act to serve as a guide for all provinces where oil and gas development are being done. This Act was divided into three parts:-

- Part 1 Disposition of Petroleum and Natural Gas Rights, the property of the Crown.
- Part 11 Geological or Geophysical Exploration (License to operate in the Province).
- Part 111 Drilling, Production and Conservation.

In this report Part 1 and Part 11 were dealt with in detail but in respect to Part 111 the Committee deemed that as Alberta was the only province that had extensive experience with drilling and production and oil and gas conservation that The Oil and Gas Wells Act and The Oil and Gas Resources Conservation Act of Alberta could be used as a guide for other provinces in the preparation of their own regulations.

During 1950 the Alberta Government brought in new legislation with respect to the industry.

"The Oil and Gas Resources Conservation Act" 1950, amended and consolidated, The Oil and Gas Resources Conservation Act, 1942, and The Oil and Gas Wells Act, 1942. The Mines and Minerals Act was also amended.

The Committee of Industry Representatives studied the Acts and Regulations in detail.

In respect to the Drilling and Production Regulations under The Oil and Gas Resources Conservation Act, 1950, these were studied clause by clause and in general were agreed on. However, it was agreed that the matter would be given further consideration in the light of experience when the same are being revised in October, 1950.

11. Accidents and Workmen's Compensation

The Alberta Workmen's Compensation Board brought to the attention of the Committee the high accident rate incident to the drilling of wells.

It was agreed that Government and Industry were directly interested in reducing the number of accidents both from the standpoints of the welfare of the workmen and the added costs to the industry. It was admitted that additional steps should be taken to reduce the number of accidents. Motor vehicles, used in large numbers in oil exploration are the cause of many accidents; it was the general opinion of the Committee that field accidents resulted, largely, from the employment of inexperienced workmen. This is due to the large increase in oil-drilling but as further experience is gained it is expected that the accident rate will be reduced.

In this connection the Petroleum Engineering Department of the University of Alberta in a program have done a great deal to educate drilling and production crews in several phases of the oil industry and have recently put into effect what might be called the Texas scheme of accident prevention. The University supplies the services of a technical man to Drilling Companies and others engaged in oil exploration. Safety conferences are held with the actual men in the field and the whole matter of safety discussed. In this way ideas and suggestions are sought from the men actually engaged in the work. This is a democratic

way of handling the problem and naturally develops a spirit of safety consciousness.

This scheme has met with great success in the Texas oil industry and its application in Alberta will, no doubt, be the means of reducing the number of accidents.

During the summer, schools have been held for workmen as follows:-

Mud (drilling) School	
Oil treating	"
Gas Metering	"

The instruction period, in each case, is two weeks.

Blow-outs and fires at the well head have been the cause of certain major accidents and are due to faulty operation procedure in actual drilling operations and to blow-out prevention equipment either not being installed or if installed not being in an operative condition to take care of such emergency. Section 16 of The New Drilling and Production Regulations (1950) provides: (Alta)

(1) The operator of a well which is being drilled, tested, completed or reconditioned shall maintain the casing and adequate control equipment at all times in such condition that in case any oil, gas or water is encountered, the same will be effectively controlled.

(2) If at any time the Board considers that the casing or control equipment is not adequate, it may prescribe remedial measures which shall be instituted and completed before any further drilling is carried on,

It is apparent that the Regulatory Body cannot be expected to have inspectors at every well at all times to see that Section 16 is

enforced and in any case the responsibility rests largely with the operator. The only recourse available to the Regulatory Body is by way of cancellation of the contractor's drilling license for any infractions of the Act but it has no powers to cancel such license for a high accident rate irrespective of the cause. It would appear, therefore, that as the responsibility in the final analysis rests with the owner or operator in respect to the contractors obligations, that the owner or operator should take the necessary steps to eliminate the cause of accidents in so far as possible. While the Board licenses all drilling equipment, it is often at a disadvantage in not having actual knowledge of the drilling experience of the applicant and therefore invites advice or suggestions from industry in respect to same.

At the conclusion of this discussion it was decided that:-

- (a) much good would be accomplished if all members of the Western Canada Petroleum Association received, regularly, statistics of the accident experience of each contractor in the field so that this information could be taken into account in the making of new contracts. After all, in the long run, it is the owner through the industry that pays for the cost of accidents.
- (b) the Western Canada Petroleum Association make a further study of accidents and their cost to industry and through their representatives to bring this matter to the attention of the Committee at some future meeting.
- (c) Industry Representatives, together with the Technical Committee of the Western Canada Petroleum Association to consider this question in relation to the new Regulations and make recommendations in respect to same.
- (d) much good could be accomplished by industry advising drilling contractors of the added cost due to bad accident records.

111. Public Relations

The Committee were of the opinion that the average man on the street as well as others had little or no knowledge of the benefits to all resulting from the petroleum industry. The ramifications of these benefits extend to every member of society in the Prairie Provinces and to Canadian economy as a whole. Agriculture shares greatly in these benefits through saving of United States' dollars; supply and price of motor fuel; as well as providing local markets for their products; improvement and construction of new roads, incident to exploration; electrification; taxation etc., as well as sharing in the general development and prosperity of the country. It was recommended that the Western Canada Petroleum Association collect statistical information in respect to amount of taxes, royalty and rentals being paid by the industry, amount of payrolls, number of employees, amount of purchases of supplies and equipment and all other matters pertinent to the industry that inure to benefit the economy of the province and of Canada. Information should also be made available through the W.C.P.A. in respect to crude oil prices and the fundamentals upon which such prices depend. In this connection the Secretary prepared a report on "Review of Petroleum Situation in Canada in 1949" and distributed same to the Ministers of Mines of each province as well as to all members of the Committee.

IV. Taxation

The question of taxation is an important one to the oil and gas industry as the industry is subjected to many various forms of taxation.

- (a) Municipal Taxes
- (b) Dominion Income Tax

(a) Municipal Taxes

In 1950 there was a great increase in the tempo of oil development in the four western provinces and the question of municipal taxes became a problem of concern to the industry.

The Committee agreed that there should be some method of standardization of assessment established within each province where petroleum or natural gas development is taking place. (See Resolution 1)

(b) Dominion Income Tax

The Committee spent much time on a consideration of this question. Recent changes in the Act were somewhat beneficial to the industry but it was felt that further redress should be given to assist the industry. (See Resolution No. 2(a) and 2(b).)

V. Crude Oil Reserves, Supply, Markets, Refinery Capacities etc.

At the meeting of the Inter-Provincial Committee on Petroleum and Natural Gas held in Regina on March 31st, - April 1st, the Secretary was asked to prepare a report dealing with crude oil reserves, supply, markets.

(a) Reserves

At that time, in respect to oil reserves, the primary consideration was to seek reasonable ranges within which estimates would fall and thus

help to clarify the apparent differences in figures which have been quoted by various individuals in public discussions.

The Committee did not examine technical data used in computation of reserves but reviewed in a very broad way various estimates made by industry and government engineers. As a result of such a review the Committee are of the opinion that at the time of writing the total of light crude proved reserves in Western Canada lies somewhere around 1,250,000,000 barrels. The maximum efficient rate at which these reserves could be produced at the present stage of their development probably lies somewhere between 140,000 barrels per day and 175,000 barrels per day. Thus the crude producers have built up a comfortable margin of productive capacity above the anticipated market demand of 115,000 barrels per day that can be economically served in 1951. Whether this margin is adequate to meet any extraordinary change in circumstances due to war is a point that should be studied in detail. Since the Regina meeting war has broken out in Korea and, with the threatening International situation resulting therefrom, reserve and productivity figures take on a new meaning and should be viewed in a new perspective. The Committee feel that above all the estimates should be most realistic so that adequate assurance can be given to those who may have to plan for extraordinary fuel demands, that certain levels of special petroleum requirements can be met by the industry. If the International situation warrants special consideration of petroleum supplies, then, it is our feeling, specially constituted

committees should examine the reserve and productivity estimates in considerable detail. The Inter-Provincial Committee on Petroleum and Natural Gas stands ready to suggest to any specially constituted committee sources of information and individuals who might be able to assist and supply information. (See Resolution No. 3)

RESOLUTIONS

1. Personal Property Assessment of Oilfield Equipment

As oilfield equipment is highly specialized and complex in nature and in the current exploration stage its presence in a municipality is often so temporary that municipal assessors do not have an opportunity to become thoroughly familiar with it, and since it is to the advantage of both industry and the taxing authorities that some simple and certain method of assessment exist so that assessments may be made quickly and industry can forecast its costs of operation in any prospective area, this Committee recommends;

That in each province, all municipal bodies imposing personal property taxes should adopt a uniform basis of assessment of all such equipment, either by means of a uniform adjustment of cost to the price index and a uniform depreciation rate, or by the adoption of a flat assessment on each piece of equipment dependent only upon size and regardless of cost, age, or condition.

2. (a) Mineral Taxation

Mining in all its branches - coal, industrial minerals, base and precious metals, petroleum and natural gas - is essential to the economy and protection of Canada, and differs from other businesses in that:-

1. The producing property is usually found only after a long and expensive search,
2. The material mined or produced, when once extracted, cannot be replaced,
3. The possibility, not to mention the cost, of finding new sources of supply is uncertain, and
4. Many of those engaged in the search for minerals exhaust their capital without ever locating a source of supply.

Furthermore, when a producing property is once located, it acquires immediately a capital value which it is possible to realize on disposition and which has no relationship to the amount expended to locate it which may be much more or much less than such value.

Having regard to these differences, this Committee recognizes that it is fair and equitable, and necessary to the continued existence of this important industry that in calculating income from producing properties for tax purposes it is not sufficient to grant allowances for depletion or exhaustion limited to a return of the capital cost of such properties. It is necessary, rather, that the allowance be sufficiently large to permit the return over the life of the properties of the capital value thereof, and at the same time give recognition to the financial risks inherent in the industry, the fact that many of those investing their capital never achieve income position, and the necessity of encouraging investors to assume such risks.

This Committee approves the recognition given to these factors, in part at least, by the Canadian income tax authorities, but urges continued study of the question of depletion allowances in order that the tax law may more accurately reflect the degree of risk assumed by those engaged in each division of the mining industry.

2. (b) Depletion of Oil and Gas Properties

Bearing in mind the principles adopted in the general resolution concerning depletion, (Resolution No. 2a) this Committee is of the opinion that only the costs attributable to oil and gas producing properties should be deducted in arriving at the net income therefrom in order to calculate the depletion allowances. The practice of the income tax authorities in requiring the deduction of all costs of off-property exploration before calculating such allowance defeats the purpose of the depletion allowance, would permit the return of the value of producing properties, and would encourage the introduction of risk capital in the search for new oil and gas reserves.

3. Oil in the National Economy

In view of the critical International situation and the importance of all fuel supplies, including oil, being made available to the best advantage in Canada and the United States, it is recommended that:-

A National Fuel Council for Canada be appointed to study, plan and co-ordinate the whole fuel situation in Canada in the event of war.

This Committee offers its services in assisting the National Fuel Council in every way possible.

In view of the strategic importance of Canadian crude reserve and the importance of their development, together with the fact that United States supplies are still providing this country with a large percentage of the petroleum products consumed in Canada, this Committee further recommends that:-

The Dominion government should be encouraged to seek a reciprocal agreement on petroleum and petroleum products with the United States in order to provide Canadian crude with additional outlets.

4. Interprovincial Committee on Petroleum and Natural Gas

It was the opinion of all members present that, having regard to the stage of development of the oil industry in Canada, the importance of oil not only to the producing provinces but to the nation, the expansion of markets, and the active exploration program being pursued in many provinces where commercial production has not yet been found, it is most advantageous to both government and industry to have a continuing body through which new problems may be discussed and conclusions reached.

Therefore it is the unanimous recommendation of this Committee that the Interprovincial Committee on Petroleum and Natural Gas be continued.

ADDRESS BY G. W. AUXIER, K. C.
Executive Vice-President, Western Canada Petroleum Association

Mr. Chairman, Honourable Ministers, Gentlemen -

The Western Canada Petroleum Association appreciates, as I do, your kindness in affording me this opportunity to address you. I appreciate it particularly for the chance it gives me to visit this particularly lovely part of the world.

The Association is trying to keep pace with the developing oil industry in the West, and while it does not represent all members of industry - new firms are entering the business almost weekly - it is representative of those responsible for most - I might say practically all - of the expenditures made and the development that has taken place to date. Its principal function is to afford a medium through which members of industry, large and small, may discuss their problems, reconcile their differences, and come to a conclusion. The Association is then able to present the views of industry to the appropriate officials of the federal government and the provincial governments concerned, and to the public. We hope, and we believe, that we are of some value to both industry and government.

Oil and gas discoveries so far have been pretty well limited to Alberta, but large sums of money are being spent in the other western provinces and there is every likelihood (we hope) that in the future, important fields will be found and developed in the other Canadian provinces. In contemplation of that day, the present name of the Association was chosen. We trust that the name Western Canada Petroleum Association will eventually represent more accurately than at present, the scope of its activities. We hope, indeed, that we may find it necessary to drop the word "Western".

Possibly no country in the world stands more in need of its own oil production. Canadian per capita consumption in 1949 was 8.62 barrels, exceeded only by the United States with a consumption of 14.59 barrels. While our consumption may not seem great when compared with that of the United States, it represents almost a 100% increase from the 1939 consumption of 4.4 barrels, and is about $3\frac{1}{2}$ times the current consumption of Great Britain. Prairie consumption, by the way, has trebled in the past ten years.

Most of our oil, of course, has to be imported. In 1949, of a total crude oil consumption of 98 million barrels, about 22½ million came from Canadian sources, 29½ million from the United States, and 46½ million from other sources, mostly from Venezuela but some from Arabia, Trinidad, and Iraq. Canadian production was up some 10 million barrels from 1948, but

our total consumption increased by well over a million, so our net reduction to imports was not nearly so great as one might assume from our production figures. As a matter of fact, 1949 was the first year since 1941 that showed any drop in imports. Imports had been climbing annually from 44 million barrels in 1942 to 77 million barrels in 1948, due to our rapid increase in consumption.

As our whole way of life is based largely on petroleum and petroleum products, as oil is the largest single import item, and as most of it has to be paid for in dollars, it is almost impossible to over-estimate the importance to Canada of finding its own oil supply.

So far, our Canadian oil industry is in its infancy. We had at June 30 of this year in Alberta, 1574 wells capable of producing oil plus 150 or so in Saskatchewan and some in the North West Territories, New Brunswick, and Ontario. In 1950, to date, about 10,000 feet of hole per day, has been drilled. Canada's daily production averaged, about 64,000 B/D for the first half of the year, and, during the recent period of high summer, consumption reached a record high for one week of 86,000 B/D. Our existing wells are capable, within limits set by good conservation practice, of production totalling about 150,000 B/D.

By way of comparison in the United States in the first half of 1950, drilling averaged 411,000 feet per day. The average daily production was over 5½ million B/D, and the potential was well over 6 million barrels. In fact, actual daily production reached the 6 million mark last month. Texas daily production is currently over 2,300,000 barrels per day, and Illinois, Kansas, Louisiana, Mississippi, New Mexico, Oklahoma and Wyoming each produce a great deal more oil than does all of Canada. In rate of drilling and in potential production, American figures are 40 to 41 times as great as ours.

Nor does it appear that the U. S. oil reserves are diminishing. On the contrary, they are increasing every year. The sensational Scurry County discovery in Texas added an estimated billion barrels to U. S. Reserves, mostly in 1949 and this is about the same as the total Canadian reserves thus far proven.

In the North American oil picture, our figures do not seem very large. Nevertheless, our potential oil producing area, and I speak now of the Western plains alone, is a vast area extending from the Rockies well into Manitoba and from the U. S. Border into the North West Territories. Canada has in all about one-third as much prospective oil territory as the United States and, while this does not mean that our production will ever equal 1/3 of theirs, it does indicate the likelihood of many new discoveries.

Exploration is going forward at a rapid rate. One hundred and twenty-four geophysical parties were at work at mid year in the prairie provinces and 120 drilling rigs were active, excluding dozens of light rigs engaged in structure test drilling. Approximately 100 million dollars was spent in oil exploration and development in Alberta alone in 1949 and the estimated expenditure for the same purpose in Alberta in 1950 is 150 million dollars. These figures exclude the millions being spent on refineries, pipelines, and the like, and the substantial sums risked in oil exploration in the other Provinces.

While the discovery rate was most discouraging in recent months, the past few days have seen three wells give promise of the presence of important new reserves. I refer to California Standard's Acheson well, about 7 miles west of Edmonton, Socony-Vacuum's well south of Camrose, and Gulf's well near Big Valley, all in Alberta.

It seems entirely likely that if exploration continues as it has for the past two years, and with the vast area to be explored, many more fields are likely to be found in the future bringing closer the day when Canada's reserves are stepped up from about one billion to the three billion or so required to make Canada a nation self sufficient in oil.

Finding the oil is, of course, only part of the problem. How to get our oil to our principal consuming areas at a price competitive with other sources of supply, and still leave a field price sufficiently high to encourage continued exploration, is at least as difficult a problem as finding it.

In 1949, while our potential production on the plains was considerably greater than prairie requirements, practically no oil was exported beyond the prairie provinces. That situation holds at present. The Pacific Coast consumes mostly oil from California, much of it refined form. Ontario consumes oil from the Mid-continent and Illinois fields of the United States, and Quebec and Eastern Canada use in the main, oil from Venezuela and the Middle East, brought in by tanker direct, or to the eastern terminus of the Portland-Montreal pipe line. As oil can be transported by water from the middle east to Montreal much more cheaply than it is possible to move Western Canadian oil to that point, it is apparent that the displacing of all foreign oil with Canadian oil is a very real problem indeed.

The Interprovincial Pipe Line, now under construction from Edmonton to Superior, Wisconsin will enable Alberta oil to invade the Ontario market and when further facilities - pumping stations and additional lines - are installed, to eventually control it. Pipe lines are by no means as economical as Ocean tankers as a transportation medium, but they do operate at about 1/3 of rail costs, and while it will mean a reduction in the field price of Alberta oil of from 40¢ to 75¢ per

barrel to be on a competitive basis with Mid Continent American oil, the enlarged outlet will warrant this reduction.

The Ontario market, if and when wholly secured, will absorb about all of our present potential production, but what of the produce of future discoveries? Beyond Ontario the situation becomes more difficult. It is not economically feasible to send Alberta oil to the Montreal market under present circumstances, though completion of the St. Lawrence seaway enabling big tankers to move directly from Superior to Montreal might alter the situation.

This leaves two alternatives, both of which involve the sale of oil to the United States. These are the Pacific Coast and the Middle West area - Chicago and Minneapolis and St. Paul. The Rocky Mountains are a formidable barrier to the former. Rail costs are too high to make that means of transport feasible. A pipe-line could be built, but it would be economical only if a substantial volume of throughput were obtained - something like 60 to 100 thousand B/D. The Canadian market on the Pacific is only half that large, so a share of the Washington and Oregon market would have to be obtained. This would necessitate the removal of the present tariff barrier, and would also involve the building of refineries, as none now exist in those states. While this is a possibility for the future, California's production, contrary to the expectations of many, continues high and those states continue to import refined products from California.

The other alternative involves the invasion of a market in which the independent producers are particularly strong. It seems entirely fair to export oil to the Americans to an amount equivalent to that bought from them farther east. The difficulty is that while our oil would displace independent production in the middle West, the oil bought by us in Montreal and the Maritimes, while supplied by Americans, comes from the major oil companies and from foreign sources.

These are some of the marketing problems on the horizon. They are engaging the attention of almost everyone in industry, and many in Government, and I am sure they will be solved. It is apparent, however, that they will be solved only at the expense of some reductions in the field price of oil, for oil prices must be competitive in the areas sought to be served, and transportation costs must be borne out of those competitive prices. This will, of course, mean lower prices for refined products in the producing areas and should stimulate consumption there. This, in turn, will help the development of those areas, but the price cannot in the national interest be permitted to drop so low as to discourage the continued search for the new reserves necessary to meet and continue to meet Canada's total requirements.

If all these problems are solved satisfactorily and Canada does become self sufficient in oil, whether by use of our own oil (and the possibility of discoveries near the large consuming areas can't be discounted), or whether by exchange with the Americans, the question which logically follows is "What are the economic consequences to us as Canadians"? The answer to this must be largely speculative, but the record thus far may afford some guide.

In the national sphere we saved in 1949 alone an estimated 90 million of vital U. S. dollars. Despite this, the U. S. dollar requirements for oil were roughly 275 million. The total net deficit with the U. S. Dollar area in 1949 was less than 400 millions. Self-sufficiency in oil could almost eliminate the troublesome U. S. Dollar problem, which would mean a great deal to our national economy. When the initial stage of the Interprovincial pipe line is completed in 1951 the estimated dollar saving will be 140 millions, with only 1/3 of Canada's petroleum requirements being met. This will rank in importance with Canada's gold mining industry in the solution of the United States dollar problem.

In the field of capital expenditure, 1950 will see the spending of 90 millions for the Interprovincial Line, 8 millions for 2 new tankers, 30 millions for additional prairie refining capacity and 150 millions for exploration and development. The total expenditures by oil companies may be directly responsible for about 10% of the total private domestic investment, a remarkable achievement for an industry so new in the Canadian picture. The indirect contribution through induced expansion in other industries is difficult to measure, but is certain to be large.

In the more restricted sphere, I am sure the Honourable Mr. Tanner will agree that oil exploration has done Alberta no harm. It meant in 1949 alone more than 30 million dollars of Government revenue - more roads, schools, social services and the like with no added pain to the taxpayer. It also meant the retirement of a substantial part of the Provincial debt, and may eventually leave Alberta entirely free of debt. What the 1950 figures will be, I wouldn't care to estimate, but sales of the right to lease Crown reserves alone has brought \$32½ million to the treasury so far this year, not to mention reservation fees and extension fees, lease rentals, and royalties. Liquor, which used to be our big source of revenue, has faded into insignificance.

The oil industry has meant directly an estimated 6,000 new jobs and consequently more business for the butcher, the baker, and almost everyone else active in our economy. Scores of new businesses are being established, and new towns are being created. The population of Edmonton has increased from 119,000 in 1947 to close to 150,000 at

present. Calgary and many other Alberta centres have experienced similar increases.

Perhaps the most significant change on the prairies, however, is the increase in consumption of petroleum products. The discovery of oil has enabled the prairie consumers to gain some reductions and to avoid several increases in price. Alberta consumption increased 17% in 1949 over 1948 - the largest increase any place in the world - and no doubt partly due to this fact. Further price decreases should permit the Canadian farmer to adopt more mechanization, enabling him to compete more successfully in world markets, to overcome his present transportation disadvantages. It is said that a nation's productivity can be gauged by its consumption of petroleum. If this be so, the transfer of the prairies from a high cost oil area to a low cost area should mean a great deal to their economy.

So far I haven't mentioned natural gas, and I am not sure that I should. However, I will say this: we have found in Alberta a great deal of natural gas, and if it is decided to permit export, and our gas fields develop, it should mean considerable industrial expansion, not only at the termini of the pipe lines, but also at and near the fields. We have already one large industrial plant in Alberta, located there because of natural gas, and that is the Calgary Nitrogen plant of Consolidated Mining and Smelting Co. I am told that many chemical industries locate close to the source of cheap natural gas, using certain components of the gas, the removal of which does not interfere with the fuel qualities of the residue. In spite of Alberta's position at the top of the freight rate structure, gas should attract some industries of this nature. You will be able to judge better than I, the industrial expansion gas might bring to the Pacific Coast.

I should mention one other advantage which will accrue to the nation from oil development in the Western Plains - the matter of national security. No one doubts that if trouble comes, the direct route between the only two possible contestants lies across the Canadian prairies. The integration of Canadian and American defences makes the strategic location of our oil reserves invaluable in the event of war.

And now, in conclusion, I should like to say a few words about the position of the industry itself. I have said that the oil industry spent in Western Canada in 1949 more than 100 million dollars. It recovered, over and above royalties, petroleum of a value of about 50 million. This year, it will spend 250 million, and will receive less than 75 million. This disparity between expenditures and receipts is bound to continue for several years if exploration is to continue at anything like its present rate. It is abundantly apparent, therefore, that for some time to come, vast sums of risk capital must be attracted from sources outside the Canadian oil industry.

And the financial risks of oil exploration are great. Many companies engaged in the business have each spent several millions of dollars without finding any oil, and they may never find it.

While it is perhaps presumptuous for an industrial association such as ours to sound any warning note to those charged with the administration of the natural resources, I would point out the magnitude of the risk, and the fact that those prepared to venture their capital in the search for oil expect a return commensurate with the risks they take.

In the western provinces the resources belong in the main to the people, and it is the right, it is, indeed, a trust, of those charged with their administration, to see that the people benefit to the greatest extent possible. At the same time, however, if to the natural risks inherent in the industry, are added too many man-made risks, unreasonable restrictions and excessive taxes and penalties - it is to be expected that the flow of venture capital to other favourable areas will occur. Investors weigh up the natural advantages of an area against the legislative disadvantages, and the result determines their future activities.

Of course, the discovery rate and the marketability of the product at a reasonable price determine to a great extent just how tough government policies may be. If new discoveries are coming thick and fast, those supplying the capital may be prepared to face more stringent regulations than will be practicable when the rate falls off as the price drops. Similarly, prospective areas with oil yet to be found require more generous treatment to encourage development than areas where a number of discoveries have been made.

It is desirable, of course, to have legislation follow a uniform pattern across Canada. Industry would welcome it and I think it would also be to the advantage of government. Still, it is not practical, having regard to the matters referred to, to have the details of the legislation exactly the same in all provinces. Some consideration has to be given to the problem of encouraging the introduction of risk capital. Otherwise it may never be known whether or not oil exists in a province.

The oil industry is not complaining. It has been, on the whole, fairly treated, and it is not unmindful of the political problems facing the policy-makers in the various provinces. It simply wishes a notation to be made that vast sums of money are required, that risks of financial loss are great, and that no matter how eager the operators themselves may be to carry on their explorations, the requisite capital will obey the natural laws and flow to the point of the least risk - and the greatest prospective return.

The industry has had good co-operation from the officials of all governments in Canada with whom it has come in contact. It has not always agreed with government policies, but there has always been a willingness on the part of government officials to discuss all problems in a fair and reasonable manner. Of this fact, the oil industry is truly appreciative.

PETROLEUM AND NATURAL GAS COMMITTEE

The Committee endorsed the report of the Standing Committee on Petroleum and Natural Gas.

RESOLUTIONS1. Personal Property Assessment of Oilfield Equipment

As oilfield equipment is highly specialized and complex in nature and in the current exploration stage its presence in a municipality is often so temporary that municipal assessors do not have an opportunity to become thoroughly familiar with it, and since it is to the advantage of both industry and the taxing authorities that some simple and certain method of assessment exist so that assessments may be made quickly and industry can forecast its costs of operation in any prospective area, this Committee recommends:

That in each province, all municipal bodies imposing personal property taxes should adopt a uniform basis of assessment of all such equipment, either by means of a uniform adjustment of costs to the price index and a uniform depreciation rate, or by the adoption of a flat assessment on each piece of equipment dependent only upon size and regardless of cost, age, or condition.

2. (a) Mineral Taxation

Mining in all its branches - coal, industrial minerals, base and precious metals, petroleum and natural gas - is essential to the economy and protection of Canada, and differs from other businesses in that:-

1. The producing property is usually found only after a long and expensive search.
2. The material mined or produced, when once extracted, cannot be replaced.
3. The possibility, not to mention the cost, of finding new sources of supply is uncertain, and
4. Many of those engaged in the search for minerals exhaust their capital without ever locating a source of supply.

Furthermore, when a producing property is once located, it acquires immediately a capital value which it is possible to realize on disposition and which has no relationship to the amount expended to locate it which may be much more or much less than such value.

Having regard to these differences, this Committee recognizes that it is fair and equitable, and necessary to the continued existence of this important industry that in calculating income from producing properties for tax purposes it is not sufficient to grant allowances for depletion or exhaustion limited to a return of the capital cost of such properties. It is necessary, rather, that the allowance be sufficiently large to permit the return over the life of the properties of the capital value thereof, and at the same time give recognition to the financial risks inherent in the industry, the fact that many of those investing their capital never achieve income position, and the necessity of encouraging investors to assume such risks.

This Committee approve the recognition given to these factors, in part at least, by the Canadian income tax authorities, but urges continued study of the question of depletion allowances in order that the tax law may more accurately reflect the degree of risk assumed by those engaged in each division of the mining industry.

2. (b) Depletion of Oil and Gas Properties

Bearing in mind the principles adopted in the general resolution concerning depletion, (Resolution No. 2a) this Committee is of the opinion that only the costs attributable to oil and gas producing properties should be deducted in arriving at the net income therefrom in order to calculate the depletion allowances. The practice of the income tax authorities in requiring the deduction of all costs of off-property exploration before calculating such allowance defeats the purpose of the depletion allowance, would permit the return of the value of producing properties, and would encourage the introduction of risk capital in the search for new oil and gas reserves.

3. Oil in the National Economy

In view of the critical international situation and the importance of all fuel supplies, including oil, being made available to the best advantage in Canada

and the United States, it is recommended that:-

A National Fuel Council for Canada be appointed to study, plan and co-ordinate the whole fuel situation in Canada in the event of war.

This Committee offers its services in assisting the National Fuel Council in every way possible.

In view of the strategic importance of Canadian crude reserves and the importance of their development, together with the fact that United States supplies are still providing this country with a large percentage of the petroleum and petroleum products consumed in Canada, this Committee further recommends that:-

The Dominion government should seek a reciprocal agreement on petroleum and petroleum products with the United States in order to provide Canadian crude with additional outlets.

4. Interprovincial Committee on Petroleum and Natural Gas

It was the opinion of all members present that, having regard to the stage of development of the oil industry in Canada, the importances of oil not only to the producing provinces but to the nation, the expansion of markets, and the active exploration program being pursued in many Provinces where commercial production has not yet been found, it is most advantageous to both government and industry to have a continuing body through which new problems may be discussed and conclusions reached.

Therefore it is the unanimous recommendation of this Committee that the Interprovincial Committee on Petroleum and Natural Gas be continued.

REPORT OF COMMITTEE ON TRANSPORTATION

The committee on Transportation discussed that phase of the transport problem of the mining industry which has to do with providing of access roads to mineral producing areas or to areas which are potential producers of minerals or other natural resources.

This subject was discussed in general terms by committee one on Exploration and Development of Mineral Resources of the Sixth Annual Conference of the Provincial Mines Ministers held in Fredericton, N. B., September, 1949. At that time under Section 4 of the report appearing on page four of proceedings of the Sixth Conference under the heading of Air Transport, Landing Facilities, Roads, etc., it pointed out that roads into mining areas are not only essential to the industry but also open up the district for settlement and other types of development. That Committee went on to urge that "every effort be made by the Government to expedite the building of new roads into new mining areas and to improve those to older established fields".

The present committee endorses fully the report and recommendation of Committee one of the Sixth Annual Mines Ministers Conference and wishes to make a specific recommendation which would enable the governments concerned to consider the problem on a definite quantitative basis and therefore be in a position to judge if the requirements of the industry are economically feasible.

Transportation

RESOLVED THAT the Provincial Ministers of Mines recognize that the mining industry is the pioneer industry of Canada, that the development of our country follows mining, and that to encourage development of our natural resources it is essential to provide transportation facilities.

The Committee recommends that each Province prepare a programme of access roads and trails which should be built or rebuilt within the next five years (more or less) for the purpose of serving or developing natural resources, and that such a programme be presented jointly to the Federal Government with the request that it share with each Province concerned the cost of the programme.

REPORT OF THE COMMITTEE ON TAXATION AND
THE GOLD SITUATION

Unless government assistance to the gold mining industry is continued beyond December 31, 1950, a substantial part of the industry will be forced to close. Because of the need of making winter plans, it is most important that the government announce its plans for the industry immediately.

The importance of the gold mining industry to Canada can be judged from the following facts:

- (1) It is the industry which is primarily responsible for the development of our entire northern country. It is the gold miner who has colonized the north, taught us how to live there, travel there, work there, and establish industries there. The importance of this under present conditions cannot be over-estimated.

It is the prospector looking for gold who has found the great base metal deposits of our north which are so important to-day for peace or for defense. It is because of the experience of our gold prospector that we are finding in Canada such a large number of uranium deposits, the essential mineral of to-day.

- (2) The gold industry provides an important amount of foreign exchange. The value of gold produced from straight gold mines in 1949 was \$132,000,000 and this is well below capacity. The oil industry of the prairie provinces is recognized as one of tremendous economic importance to Canada. By 1952 the value of its production will be about equal to that of gold.
- (3) The gold industry is essentially the sole support of a great number of communities in all gold-producing provinces of Canada and the North West Territories.
- (4) The production is second only to that of Africa.
- (5) It gives direct employment to 23,000 people and, in addition, is currently spending \$45,000,000 to \$50,000,000 per annum for supplies and services.

Without some form of assistance a large number of mines will be forced to close. Even to maintain their present precarious position some additional assistance will be necessary to meet rising costs of

labour and supplies.

In British Columbia, two or three mines only out of twenty-one in operation at the beginning of the war, would survive long into 1951.

In the North West Territories, at least one mine would become sub-marginal at a flat \$38.50 per ounce for gold. All exploration work would cease.

The continuing operations in Manitoba would become more difficult and one of the mines in particular is of a very low grade.

The number of mines in Ontario would be sub-marginal at a \$38.50 price for gold and would be obliged to close. The average profit per ton of thirty-five gold mines which, if operated continually from 1940 to 1949, has decreased to \$1.15 per ton not including gold aid which means that many of these established mines are right at the non-profitable stage.

The industry realizes that the normal procedure for an operation which is not profitable is to close and wait for more favourable conditions. Few people outside of the industry fully appreciate the consequences of closing a mine. To close a factory in a city merely means that those who have been employed must find other employment, but to close a mine the whole community must move. Further, the costs of maintenance and of re-opening most mines is excessive and would be beyond the resources of the majority of our mines to-day.

For the above reasons, the committee recommends as follows:

- (1) That the Federal Government be urged to continue its support of the gold-mining industry. In preparing its policy it should realize that costs have risen materially since assistance was given to the mines first in 1947.
- (2) That it make an immediate and delayed statement of its policy so that mines that must plan some months ahead may have specific information on which to base these plans.

The committee also wishes to report that in its opinion the only permanent solution to the difficulties of the industry is an increase in the price of gold.

REPORT OF THE COMMITTEE
ON GROUND WATER STUDIES

The committee on ground water met in Committee Room No. 2 in the Parliament Buildings on the evening of Friday, September 15, for the exchange of information. Those present were:

Dr. G. S. Hume	Ottawa
Dr. I. W. Jones	Quebec
Dr. N. E. Hurst	Ontario
Mr. C. A. L. Hogg	Saskatchewan
Mr. W. J. Dick	Alberta
Mr. H. H. Somerville	Alberta
Mr. K. C. Gilbert	British Columbia
Dr. T. B. Williams	British Columbia
Dr. H. Sargent	British Columbia

The Committee spent about 1½ hours in informal discussion and before rising discussed the advisability of meeting at future conferences. The consensus of opinion was that an opportunity should be provided for a similar exchange of information on the occasion of the next Mines Ministers' Conference.

The Committee adjourned at 10:00 p.m.

September 15, 1950.

Dr. John F. Walker,
Secretary, 7th Annual Conference
of Provincial Minister of Mines,
Victoria, B. C.

Dear Dr. Walker:

Re: Standing Committee on
Mining Townsites.

Following my request at the Plenary Session on Thursday morning for a directive as to whether or not the Standing Committee on Mining Townsites should be dissolved, I have consulted with several of the Deputy Ministers and representatives of industry.

One thought that the Committee could now be dissolved. Two thought that the Committee should stand by until called upon. The others thought that I should, as co-ordinator of the Committee, maintain contact with the several Deputy Ministers so as to be able to report to future conferences:

- (1) On any changes in Provincial Statutes affecting the location of mining townsites, the subdivision and uses of land therein, the government and financing thereof, and the policies and actions of the Provincial Governments and the Government of Canada in respect of the construction and financing of housing therein.
- (2) Factual data in respect of such mining townsites as have been established by government or the mining industry in the last four or five years or which may be immediately contemplated. Such data to follow the pattern of Mr. D. M. Stephens' memorandum on the Snow Lake Townsite in Manitoba appearing on page 59 of the proceedings of the 6th Annual Conference.

Your advices on behalf of the Ministers will be appreciated accordingly.

Yours sincerely,

(Signed) A.E.K. Bunnell,
Co-ordinator.

AEKB/rp

REPORT OF COMMITTEE ON DEFINITIONS
OF THE WORDS "MINE", "MINERAL" AND
"MINERAL RIGHTS".

Mr. H. C. Rickaby started a lengthy and interesting discussion on this topic at the plenary session on September 14th.

Following discussion a committee with Mr. Rickaby as chairman was formed.

Upon approval of the Ministers that a Standing Committee be appointed to consider the general problems relating to the definition of the terms "mine", "mineral", and "mineral rights" as used in the various statutes of Canada and the provinces, a Sub-committee composed of Messrs. Rickaby, Dufresne and Walker was appointed to find a suitable person to assemble material for the Standing Committee.

Col. George E. Cole agreed to act and report to the Standing Committee before the next Conference.

Preliminary Report on the Study of the terms "Mines",
"Minerals" and "Mineral Rights" as found in Canadian
Provincial Acts

Active preparation of the material concerned in the investigation of the above-mentioned definitions was undertaken at May 1, 1951, although some preliminary investigation had been done previously.

At Quebec in April the matter was discussed with Mr. H. C. Rickaby, Deputy Minister of Mines, Ontario, when mention was made of the problems facing his department. These concerned title, taxes and just what is "mineral" - how much is included in the word from a legal point of view.

In order to become better acquainted with these problems advantage was taken of a visit to Toronto to confer with two Ontario Mines Department officials, the Mine Assessor and the Chief of the Mining Lands Branch. A full discussion was made and since that time Ontario Acts and Reports have been reviewed for further acquaintance with the problems. It may be said that the study will have to go much further than the mere definitions of the terms as they are now written into the Acts.

Since the visit to Quebec and Toronto, Dr. A. O. Dufresne, Deputy Minister of Mines, Quebec, has sent in material bearing on problems in his Province. From these it is seen that a province may have problems peculiar to its own administration. Concerned in this are the conflict of rights existing before and after the ceding of Canada to the British in 1759.

On return to Winnipeg investigation has been carried out at the Law Library, Law Courts, the Parliamentary Library and the Mines Branch, Manitoba, where Statutes are available for research. A careful review has been made of all the authorities as this was deemed advisable to learn of the background of the mining law of today. This review has included two American authorities, one Australian authority, one Scottish, one English and ten Canadian.

It is of interest to find how much is based on British practice, even our American cousins deferring to English decisions with a confidence that gives one a good appreciation of the British courts. The study of British findings make one jealous of the clarity of the English used even if one goes back for several centuries. Theirs is certainly an English to be emulated.

With the study of the law and certain decisions the next task is to collate the definitions of the Canadian Acts. This is now in hand and will take some arrangement to place those definitions in a position where they can be compared readily. Already considerable difference has been noted in comparing the definitions. In many instances the definitions appear verbose. It may be a case of trying to miss nothing yet something may be overlooked. The question arises, "Would not greater brevity serve a more useful purpose?" The term "Mine" could certainly be given a definition more in keeping with what a mine is, or was, rather than confusing it with "Mineral". The definition of "Mineral", on the other hand, might better be based on a scientific understanding in order to make it more inclusive. The term "Mineral Rights" is not defined at all in some of the Acts and where used is somewhat confused. Is there not some distinction to be made between "Mineral Rights" and "Mining Rights"? Or are they same thing?

In view of the fact that the definitions have been studied in the light of decisions that **have been** made by British courts and having regard for modern conditions and needs more attention will have to be given to what is "Soil" and "Sub-soil" in considering new definitions. What is meant by the expression "the agricultural surface of the land?" The conception of mineral has changed.

There are many expressions such as "for the purpose of profit", "in appreciable quantity" etc. which will stand scrutiny. Already some authorities have suggested that "in the light of progressiveness of the age and advancement in the natural sciences definitions should be brought more up-to-date." Is enough attention paid to what are minerals with peculiar attributes -

gas, water, and even ice. A recent case in the Alberta courts gives food for thought. Does petroleum include natural gas? Or are the terms synonomous and inclusive?

A suggestion is worth considering that a "Mines Act" should be the source for all definitions to be used in other Acts. For instance the Mines Act of Ontario and Mines Taxation Act have both got definitions of the term "Mine". Is this necessary?

It is hoped to have the collation of the defintions made within the next month when copies will be sent out to all concerned. When these are sent out it may be advisable to have a questionnaire accompany them.

All of which is respectfully submitted.

"Geo. E. Cole"

Geo. E. Cole

Winnipeg, Man.,
June 1, 1951.

At the Plenary Session September 16th,
the Ministers accepted the reports of the Committees
with one amendment to the resolutions by the Standing
Committee on Petroleum and Natural Gas. This amend-
ment has been incorporated in that part of the
resolutions appearing on page C 17.

	Standing Committee on Petro- leum and Natural Gas ? (1948-49)	Standing Committee on Petro- leum and Natural Gas (1949-50)	Standing Committee on Mines, Mineral & Mineral Rights
Transferred from New Brunswick	\$1,425.83	\$4,728.45	
1950-51 Assessments		1,400.00 ⁽¹⁾	\$3,800.00 ⁽²⁾
	\$1,425.83	\$6,128.45	\$3,800.00
1950-51 Disbursements		2,786.90 ⁽³⁾	276.00 ⁽⁴⁾
Balance	\$1,425.83	\$3,341.55	\$3,524.00
			\$8,291.38

(1)

Alberta	\$200.00
Nova Scotia	150.00
New Brunswick	150.00
British Columbia	200.00
Saskatchewan	150.00
Manitoba	150.00
Quebec	200.00
Ontario	200.00
	<u>\$1,400.00</u>

(2)

Alberta	\$500.00
Manitoba	105.00
Nova Scotia	250.00
Saskatchewan	150.00
New Brunswick	30.00
Newfoundland	115.00
Ontario	1,365.00
British Columbia	575.00
Quebec	710.00
	<u>\$3,800.00</u>

(3)

Secretary's Salary & Expenses:

September		\$ 250.00
October	212.10	
Income tax	<u>37.90</u>	250.00
Expenses		143.90
November	231.05	
Income tax	<u>18.95</u>	250.00
December	231.05	
Income tax	<u>18.95</u>	250.00
January	231.05	
Income tax	<u>18.95</u>	250.00
February	231.05	
Income tax	<u>18.95</u>	250.00
March	231.05	
Income tax	<u>18.95</u>	250.00
Expenses Apr. 5 & 6		143.00
April	231.05	
Income tax	<u>18.95</u>	250.00
May	231.05	
Income tax	<u>18.95</u>	250.00
June	231.05	
Income tax	<u>18.95</u>	250.00
		<u>\$2,736.90</u>

Fee and expenses

for work on definitions: (May)	<u>\$ 276.00</u>
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